



# **SOUTHWARK CATHEDRAL**

## **Annual Report and Consolidated Financial Statements for the year ended 31<sup>st</sup> December 2008**

**The Cathedral and Collegiate Church of St Saviour and  
St Mary Overie, Southwark**



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# Annual Report

## Legal and Administrative Information

### Full legal name and address

The Cathedral and Collegiate Church of St Saviour and St Mary Overie, Southwark, also known as Southwark Cathedral  
London Bridge  
London SE1 9DA  
Telephone: 020 7367 6700 Fax: 020 7367 6725/ 30  
General email address: [cathedral@southwark.anglican.org](mailto:cathedral@southwark.anglican.org)  
Web site: [www.southwarkcathedral.org.uk](http://www.southwarkcathedral.org.uk)

### Administrative Body

The Cathedral's administrative body is the Chapter. The members of the Chapter at the date of this report were as follows:

The Very Revd Colin Slee, OBE, Dean  
The Revd Canon Andrew Nunn, Sub Dean  
The Revd Canon Bruce Saunders, Canon Residentiary  
The Revd Canon Robert Titley, Canon Residentiary  
The Revd Canon Michael Hart, Canon Residentiary  
The Revd Canon Jane Steen, Canon Residentiary  
Mr. Matthew Knight, Cathedral Administrator  
Mr. Andrew Cameron, Cathedral Warden  
Mr. Kenneth Robbie, Cathedral Warden  
Mr. Benjamin Carroll  
Sr. Joyce Yarrow, CSF

In attendance:

The Revd Anna Macham, Succentor

There are currently two vacancies, both of which are appointed by the Bishop.

The following members resigned during the year:

The Revd Joabe Cavalcanti  
Mrs. Rosemary Morris  
Mr. Obinna Onyekwelu

## **Statutory office holders**

### **Cathedral Administrator**

Mr. Matthew Knight

### **The Finance Committee**

Mr. Richard Cornwell – *chairman*

The Very Revd Colin Slee

The Revd Canon Andrew Nunn

Mr. Matthew Knight

Mr. Kenneth Robbie

Mr. Derek Bartlett

The Revd Stephen Haines

Mr. Mike Dyer

In attendance:

Mrs. Toyin Tukasi - *Cathedral Accountant*

Mrs. Bridget Abbott – *secretary*

### **The Fabric Advisory Committee**

The Revd Charles Pickstone – *chairman*

Mr. Peter Draper

Mr. Alfred Fisher

Ms. Jane Heath

Mr. Donald Insall

Miss Gillian Lewis

Mr. Guy Rowston

Mr. Patrick Stables – *secretary*

### **Director of Music**

Mr. Peter Wright

### **Bankers**

National Westminster Bank plc

10 Southwark Street

London SE1 1TT

### **Chapter Clerk and Solicitors**

Mr. Paul Morris

Winckworth Sherwood

The Old Deanery

Deans Court

London EC4V 5AA

### **Independent Auditors**

Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

### **Architects**

Mr. Richard Griffiths, Surveyor to the Fabric

Richard Griffiths Architects

5 Maidstone Mews, 72-76 Borough High Street

London SE1 1GN

### **Archaeological Consultant**

Mrs Nathalie Cohen

17 George Street, Sparrows Green

Wadhurst

East Sussex, TN5 6TB

### **Surveyors**

Biscoe Craig Hall

5-6 Staple Inn

Holborn

London WC1V 7QU

### **Insurers**

Ecclesiastical Insurance Group

Beaufort House

Brunswick Road

Gloucester GL1 1JZ

# Structure, Governance and Management

## Governing Statutes

Southwark Cathedral is governed under the Cathedrals Measure 1999 and by a Constitution and Statutes that came into effect on 23 April 2000.

Under these instruments, it is the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral and to order the worship and promote the mission of the Cathedral.

The Constitution and Statutes require that any person or body having functions under these instruments shall have due regard to the fact that the Cathedral is the seat of the Bishop of Southwark and a centre of worship and mission.

The Bishop of Southwark is the Visitor and has the right to be present and to speak at meetings of the Cathedral Council but plays no significant role in the day-to-day decision-making structure of the Cathedral.

## The Cathedral's Role in the Diocese

The Diocese of Southwark was formed in 1905 and covers much of South London from Kingston-upon-Thames in the west to Thamesmead in the east; and from the River Thames in the north to Gatwick Airport in the south. In the same year, the parish church of St Saviour became the Cathedral of the newly-formed Diocese.

As the *cathedra* of the Bishop and the mother church of the Diocese of Southwark, the Cathedral is an intrinsic part of the Diocesan community, working alongside the Bishop and his staff and the many other bodies which together form the Diocese of Southwark.

This relationship is most obviously expressed in acts of worship under the presidency of the Bishop of Southwark which draw people from all over the Diocese. Each year a large number of Diocesan services are held at the Cathedral, including the Blessing of the Oils and Reaffirmation of ordination vows on Maundy Thursday, ordination services, confirmation services, and Archdeaconry visitations.

In addition to the Diocesan services above, events such as the Vocations Day and the Clergy Study Day are held at the Cathedral. The Cathedral is used by senior Diocesan clergy as a place for meetings and interviews. Honorary Canons, Diocesan officers and others participate in the worship of the Cathedral, and Cathedral staff are frequently invited into parishes to celebrate and preach. The Diocese's theological library, the Coggan Library, is housed by the Cathedral free of charge and is open to the public on two days each week.

Many people from the Diocese assist in the life of the Cathedral in a number of voluntary capacities. We appreciate the time given to us by Day Chaplains, by Cathedral Shop volunteers, by Welcomers and by members of the Friends of the Cathedral. These links with the Diocese are important in spreading understanding about the role of the Cathedral and in breaking down any sense of isolation from the Diocese.

The Cathedral also interacts with parishes and receives a stream of visits for a variety of educational, liturgical and recreational purposes. The Cathedral also enjoys good relationships with numerous other bodies within the Diocese including the Board of Education, voluntary agencies, Church schools (especially Foundation Schools) and universities.

The financial relationship with the Diocese is complex. The Cathedral, unlike other parish churches, does not pay a quota to the Diocese. The Diocese has free use of the Cathedral premises and uses them extensively for services, training and meetings. If the Diocese had been invoiced for this use at the Cathedral's standard commercial charges, approximately £129,000 (2007, £125,000) would have been payable. The Diocese made a grant of £8,500 in 2008 (£8,500 in 2007) in recognition of the costs incurred by the Cathedral in fulfilling the

requirements of the Diocese. In addition, various Diocesan groups make a contribution to the specific costs incurred by the Cathedral when using its premises. Frequent meetings are held with the Diocese to review the contribution of the Cathedral to the Diocese and *vice versa*, and both sides are happy that existing arrangements should continue.

## **The organisational structure of the Cathedral**

Under the requirements of the Constitution and Statutes, the governance of the Cathedral is set out as follows:

The **Bishop of Southwark** has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan services and events. He is the Visitor and in this role ensures the observance of the Constitution and Statutes.

The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13 members: the Dean and the five Residentiary Canons and seven other ordained and lay members holding appointed or elected positions. Details of the members of Chapter are given on page 5, and the procedure for their appointment is set out on below on pages 9 and 10.

The **Cathedral Council** is appointed to further and support the work of the Cathedral and to review and advise upon the work of the Chapter. The Council is made up of 19 people, including members appointed by: the Bishop of Southwark, the Bishop's Council, and the Mayor of London; chosen from the Chapter; and elected from the Electoral Roll and College of Canons. The Council meets three times a year in March, July and November. The July meeting is held jointly with the Chapter.

The Dean, the Residentiary and Honorary Canons, and the Suffragan Bishops and Archdeacons working in the Diocese sit as the **College of Canons**.

The Constitution also requires the setting up of a **Finance Committee** with the function of advising the Chapter in connection with its responsibilities in the field of financial and investment management and the management of property and assets belonging to the Cathedral. The Finance Committee has eight members.

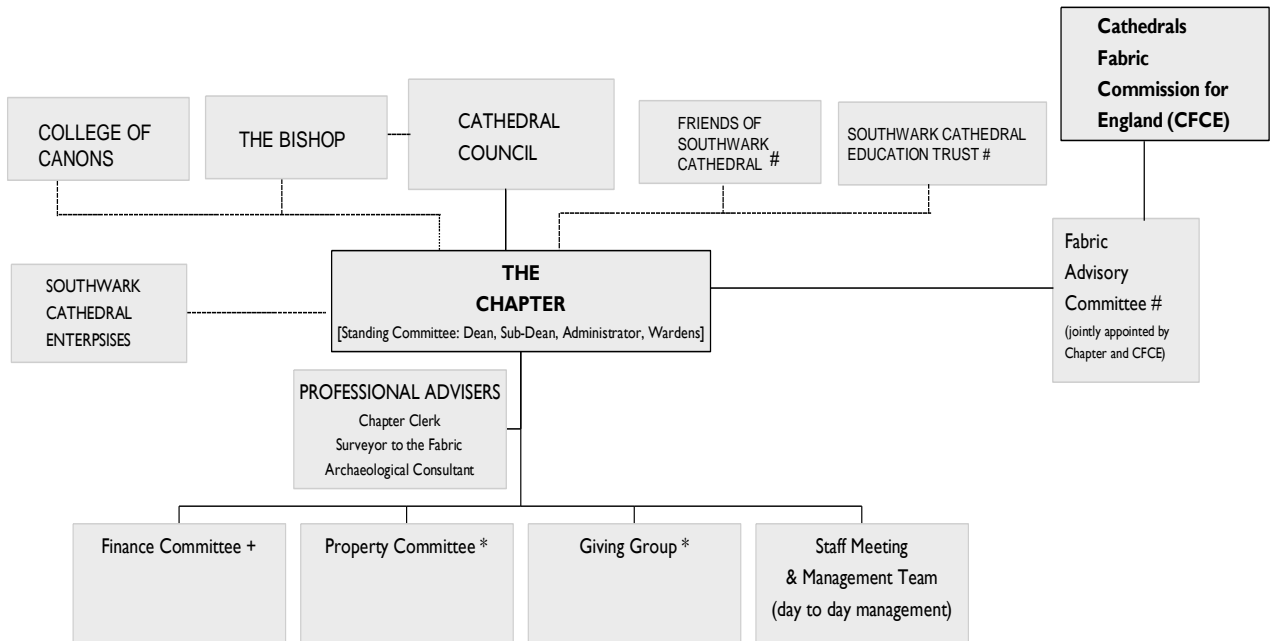
Under the Care of Cathedrals Measure 1990, the **Fabric Advisory Committee** is responsible to the Cathedrals Fabric Commission for England and considers applications from the Chapter in regard to proposed development of and changes to the Cathedral's fabric.

The Property Committee and Giving Group also support the work of the Chapter in specialised fields of Cathedral life.

In addition there are two other formally constituted organisations involved in aspects of managing the Cathedral's affairs:

- ***Southwark Cathedral Enterprises Limited***  
This company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking and Montague Close, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Chapter and are included in the consolidated statement of financial activities on page 33 and detailed in note 5 to the accounts on page 40.
- ***The Southwark Cathedral Millennium Trust***  
This organisation, which is a registered charity, was formed to raise funds for the Millennium Project. Details of the financial performance of the Millennium Trust in 2008 are shown in note 22 to the accounts on page 50.

## Southwark Cathedral Organisational Chart – Committee Structure



- # Committees with external membership
- \* Committees with voluntary membership
- + Committees appointed by the Chapter

### The responsibilities of the Chapter

It is the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral, including ordering the worship and promoting the mission of the Cathedral. The Chapter is also responsible under the requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for:

- a) preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of Southwark Cathedral and its related entities;
- b) stating that they have complied in all material respects with the guidelines on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for the non-compliance;
- c) selecting suitable accounting policies and then applying them consistently;
- d) making judgements and estimates that are reasonable and prudent;
- e) keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time;
- f) safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Method of appointing members to Chapter

The Dean and all Residentiary Canons are appointed by the Bishop of Southwark. All are members of Chapter by virtue of their appointment, the Dean being the Chairman.

The Cathedral's Constitution and Statutes set out the following method for appointing the remaining members to Chapter:

- two people (not more than one of whom may be in Holy Orders) appointed by the Bishop after consultation with the Dean having particular expertise which will enrich the Chapter's deliberations and knowledge;
- two people elected from among those who are or have been Cathedral Wardens of the parish or persons whose names are on the electoral roll of the parish at the Annual Parochial Church Meeting;
- two other people elected from the church electoral roll of the parish by persons whose names are on the church electoral roll of the parish at the Annual Parochial Church Meeting;
- the Administrator by virtue of that appointment.

## **Procedures for the induction and training of new members of Chapter**

The Dean and Residentiary Canons are invited to attend training courses run by the Association of English Cathedrals.

All new members of Chapter have a meeting with the Dean, Sub-Dean and Cathedral Administrator so that the work of Chapter and procedures at meetings can be explained. Members have the opportunity to have tours of the Cathedral and an introduction to the work of the Cathedral's various departments.

## **Investment powers**

Under the terms of the Cathedrals Measure 1999, the Chapter may invest the Cathedral's funds in any of the following:

- land;
- funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Ltd;
- investments in which the trustees may invest under the general power of investment in the Trustee Act 2000;
- the improvement of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings.

## **Changes to appointments and advisers in 2008**

Harvey Sheldon retired as Archaeological Consultant. Following an open recruitment process, Mrs Nathalie Cohen was appointed to the post in May 2008. Nathalie has previous experience of working at the Cathedral as she was involved in the archaeological works that formed part of the Millennium Project.

Mr. Ken Robbie, one of the Cathedral Wardens, was re-elected at the Annual Parochial Church Meeting in 2008 for a further period of three years.

The Revd Joabe Cavalcanti and Mrs. Rosemary Morris resigned as the two members of Chapter appointed by the Bishop, the former following his appointment as Vicar of St Barnabas, Mitcham. Mr. Obinna Onyekwelu also resigned as one of the two Chapter members elected at the Annual Parochial Church Meeting. Sr Joyce Yarrow, CSF, was elected at an Extraordinary Parochial Church meeting held in July 2008.

Mrs. Sarah Goad retired as Chairman of the Cathedral Council at the July meeting. The Bishop appointed Ms. Jennie Page, CBE, already a member of Council, as the new Chairman with effect from 1<sup>st</sup> September 2008.

Mrs. Eleanor Orr resigned as a member of the Council following her departure from the post as Assistant Accountant at the Cathedral. Cathedral staff elected Susanna Bloomfield as their new representative on the

Council at a staff meeting in December 2008. The Revd Canon Peter Clark retired from the Council at the April meeting. The College of Canons elected the Revd Canon Peggy Jackson as their new representative on the Council at their AGM in May 2008.

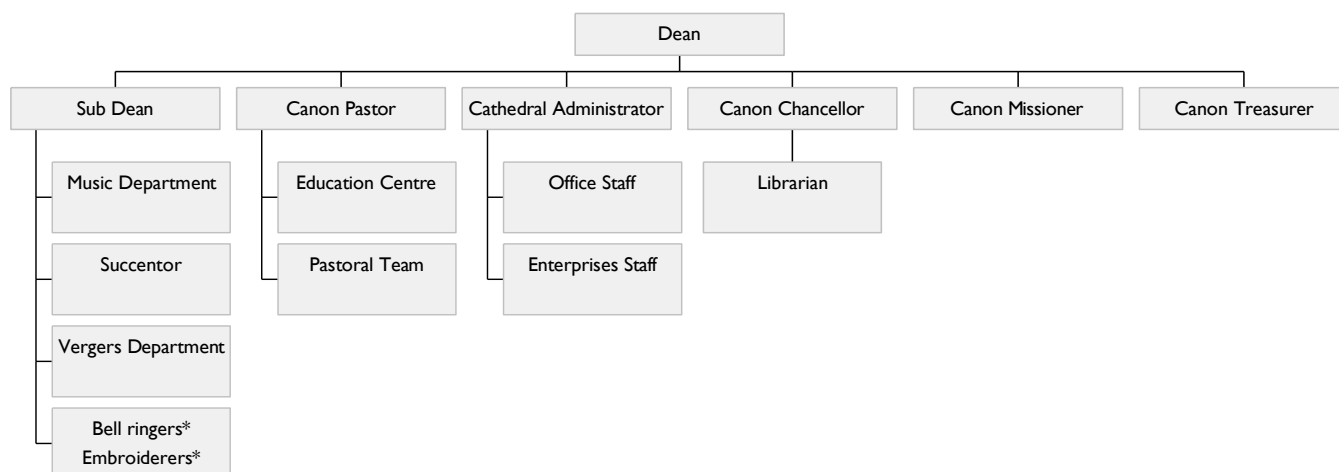
## Cathedral staff

The Chapter is supported by the staff and volunteers of the Cathedral. Their operations are led by the following managers:

Matthew Knight – *Cathedral Administrator*  
 Paul Timms – *Head Verger*  
 Peter Wright – *Director of Music*  
 Toyin Tukasi – *Cathedral Accountant*  
 Rose Harding – *Business Development Manager*  
 Ian Pearse – *Cathedral Shop Manager*  
 David Payne – *Visitors' Officer*

The chart below sets out the structure of the Cathedral's staffing:

**Staff Organisational Chart**



\* = Volunteers

There were a number of staff changes in 2008. Katherine Long and Daniel Stone left the vergers' team in the Spring of 2008 following completion of their temporary contracts. Simon Gutwein joined the team as Assistant Verger on a temporary contract. Eleanor Orr, Assistant Accountant, left in October to take on a similar role with a local medical charity.

John Cooper was appointed as Stewardship Officer in November 2008 with a challenging brief to raise the levels of congregational giving to meet the financial expectations arising from the Pilgrim People project.

Derek Turner, Canons' Verger, died in September after a long battle with cancer. He had defied his doctors and the expectations of all around him by surviving an initially bleak prognosis by more than three years and continued to perform his duties at the Cathedral, despite increasing levels of pain, until the summer of 2007. He will be greatly missed by Cathedral staff and congregation not least for his sense of humour, strength of character and courage. Our thoughts and prayers are with his partner, Jorge Guerrero-Plaza, also a member of the vergers' team.

Sandra Newnham, the Education Officer retired at the end of the autumn term following eight years of service. Sandra had overseen a significant increase in the number of school children using the Education centre and an expansion in the range of experiences available to schools to meet the needs of the National Curriculum.

# The Cathedral's Mission and Review of the Year

## Mission Statement

Southwark Cathedral stands to the glory of God.

We are committed to

- ❑ **WORSHIP** in this holy place;
- ❑ **GOSPEL** values in all we do;
- ❑ **WELCOME** and respect for all people, serving them in the name of Jesus Christ.

Throughout the year, the Cathedral has continued to work towards the furtherance of this mission.

## Review of the past year

During 2008, Southwark Cathedral has continued to develop and show evidence of growth in its varied activities. The prime activity of the Cathedral is the worship of God.

The Cathedral is a complex organisation and there are many facets to its work and worship. Income and expenditure patterns reflect the complexity of the organisation. There are a number of different sources of income: grants from third parties; donations by the congregation; visitors and trusts; trading activities managed by the Cathedral's subsidiary, Southwark Cathedral Enterprises Limited; use of the Cathedral and its immediate premises; rents from property. The income generated is expended on services, music, pastoral matters, daily maintenance and upkeep of the Cathedral and its premises, and administration. 10% of money received under the planned giving scheme is given away for a variety of local, national and international charitable purposes.

2008 marked the 600<sup>th</sup> anniversary of the death of John Gower, one of the first English poets and a friend and associate of Geoffrey Chaucer. This anniversary was celebrated in with a service attended, at the behest of the Gower Society, by Andrew Motion, Poet Laureate. This service also marked the first performance of a newly commissioned anthem composed by Huw Morgan who was also appointed as director of the Merbecke Choir from September 2008.

In 2007, the Chapter had embarked on a major congregational consultation exercise, the aim of which was to look ahead to what the ministry and mission of the Cathedral should be like in five years' time and to identify the resources that would be needed to achieve that vision. A "Table Talk" exercise took place in June 2007 which produced several hundred ideas which were refined down into 18 proposals presented to the congregation in September. Following this, Chapter agreed that a structure of working parties should be created to work through the aspirations arising from the consultation. Five groups were created: Giving Group, Communications Group, Public Worship Group, Children and Young People Group, and Events Group. The groups met during the first half of July and submitted their proposals in time for the July Chapter meeting.

Since that time, the Chapter have been considering the 42 recommendations put forward by the groups. Some have been approved in principle but their implementation has been delayed by the economic downturn and the fact that the additional funds required to see them through have not yet been raised.

The Giving Group put forward just one recommendation: the appointment of a part-time salaried Stewardship Officer. This has been implemented and John Cooper took up the post in November 2008. The Giving Group realised that the step change in congregational giving that was required in order to continue to fund the Cathedral's ministry was no longer possible with the purely voluntary resources of the Giving Group. A paid member of staff working in the Cathedral Office as well as acting as the public face of Stewardship to the congregation at Sunday

services, also capable of drawing up plans to raise planned giving, engaging the congregation, training volunteer stewardship visitors and acting as the Cathedral Recorder, was seen as essential if targets for increased giving were to be realised.

A series of meetings had taken place in 2007 between cathedral deans and government officials at the Department for Education and Skills to discuss the involvement of cathedrals in setting up school academies. There followed in 2008 a meeting with local authority representatives that suggested a strong antipathy toward a local boys' secondary school working alongside St Saviour's and St Olave's Girls' School. This lack of enthusiasm was apparently based on evidence taken from a survey conducted among parents in the final days of the summer term. This was an extremely disappointing result for the Chapter.

In July 2008, the Cathedral Council held its first joint meeting with the Chapter. One of the recommendations to emerge from this meeting was a review of the Cathedral's Constitution and Statutes. Revisions include changes to the membership of the Council, an expansion in the membership of the Finance Committee, the provision of deputy wardens, and the formation of a Nominations Committee to advise and make representations to the Bishop in relation to any clerical or lay vacancy of which the Bishop has patronage. The revisions are expected to be adopted in Spring 2009.

The Millennium Buildings continue to provide the Cathedral with a valuable resource, enabling the expansion of the Cathedral's work and ministry, but placing increased demands upon the Cathedral's staff and other resources as usage of the refectory, shop and conference facilities continues to grow. Over 50% of unrestricted income is now generated by our trading subsidiary, Southwark Cathedral Enterprises Ltd, which has had another very successful year. Staff and volunteers continue to work hard to develop the amenities and businesses and manage them profitably. The conference facilities in the Millennium Buildings continue to thrive and there are plans for making greater use of the Millennium Courtyard for events and corporate entertaining.

Following the rejection of the Chapter's second planning application for the redevelopment of the derelict site at All Hallows in early 2007, a third scheme has been worked on during 2008 with a view to submitting a further planning application in the summer of 2009. This scheme has been prepared by a local architect, Roger Molyneux, and has sensitively combined elements of the former church structure with contemporary design including a worship space which opens out, through a small stepped amphitheatre, into the gardens. The scheme has been discussed with the Bankside Residents Forum and met with a favourable response. It is hoped that the improvements in design, together with a strict adherence to the parameters of the available "light envelope" within which a building is possible without falling foul of rights of light to neighbouring properties, will achieve planning permission in 2009.

## **Review of progress and future plans**

In 2007, the Chapter set out the following priorities for the year ahead:

- *Building on "Table Talk" exercise, the Chapter agreed to form five working parties to consider practical ways in which the enthusiasm and ideas of the congregation may be taken forward.*

These working parties met in 2008 and reported to Chapter at the July meeting. Chapter is now considering ways in which to implement some of the recommendations. More details can be found on page 12.

- *Explore ways in which the carbon footprint of the Cathedral can be calculated before methods to reduce this footprint are implemented.*

A carbon audit was conducted on the Cathedral site in April 2008 by specialist consultants Faber Maunsell. The results were received in the late summer and showed a surprisingly short list of easily achievable improvements. The Cathedral therefore emerged with a very positive rating for low carbon emissions. However, we are mindful that more needs to be done. It is therefore the Chapter's intention to replace the Cathedral's boilers as soon as possible with a new and more efficient system that will reduce fuel costs and carbon emissions. An initial study has

been undertaken to determine the correct specifications and changes in plant required, and when the necessary funding is secured the work will be carried out.

- *Undertake the complete renewal of the Cathedral roof through implementation of the recommendations set out in the 2004 Quinquennial survey.*

The first stage of this programme began in 2008 with work to the tower and south transept roofs. Funding from English Heritage and the Garry Weston Foundation enabled this work to go ahead in early 2009. A fundraising programme has been put in place to raise the required sums for stages two and three which cover the Retrochoir, Nave and Chancel roofs.

- *Develop a property master plan in order to establish the best way in which to manage its residential and other property assets with a view to optimising their potential to contribute to the financing and mission of the Cathedral.*

The Chapter convened a small group of experts in property management to consider the potential for maximising the income and rationalising usage of Cathedral properties. Their work is closely linked with the development proposals for All Hallows Church (see page 13). The group continues to report regularly to Chapter.

- *Work towards the final design and permanent installation in stone of the temporary wooden Crossing Sanctuary tower crossing following the successful trial.*

The Chapter submitted proposals for the permanent alteration of the Crossing to the Cathedrals Fabric Commission for England in the autumn of 2007. Following a request for more information on the furnishings designed by Ron Sims and George Pace, alternative plans for the choir screen and an archaeological assessment of the works, the Chapter submitted a detailed report which was followed up by a Commission site visit in March 2008. A formal approval was granted in April 2008 with the exception of that part of the work relating to the re-interment of bones for which the advice of the Advisory Panel for the Archaeology of Christian Burials in England (APACBE) will be sought.

In the current economic climate, it is not felt to be prudent to seek the considerable funding that completing this project will require. The Commission's permission is valid for five years and the fundraising opportunities will be reviewed regularly in this period.

## **Fundraising**

The Chapter is always aware of the need to generate sufficient income to enable us to continue our work as a house of prayer, a centre of mission, and as a part of the Christian heritage of south London. The Business Development Manager, Rose Harding, continues to focus on fundraising for specific projects. In 2008, over £36,000 has been raised towards the new nave chairs appeal with the result that 700 new chairs are now in place in the Cathedral and a further 100 will be ordered in early 2009. It is hoped to raise sufficient funds to purchase the final 200 chairs in time for a service of dedication in the summer of 2009.

Several grants have been received in 2008 for the choir endowment fund which supports the Cathedral's music. The Vernon Ellis Foundation and the Friends of Cathedral Music each gave £50,000 for the endowment of lay clerks. The latter was the largest grant ever made by the Friends of Cathedral Music. Two further donations, one from the estate of the late Mrs E Harding, totalled a further £9,100 for the Choir Endowment Fund.

A grant of £7,500 was awarded by the City of London Archaeological Trust (CoLAT) towards the cost of publication of the monograph on the archaeological excavations as part of the Millennium Project.

The Cathedral was awarded £118,000 from English Heritage towards the cost of major repairs to the tower and south transept roofs which are part of a rolling five-year programme of repairs identified in the Cathedral Architect's Quinquennial inspection. A further £100,000 grant was received from the Garry Weston Foundation towards this project which began in January 2009. A challenging programme of fundraising lies ahead in order to meet the full cost of these works.

## Cathedral worship

At the heart of Cathedral life are the Offices and Eucharists. The daily services play a significant role in providing opportunities to worship for visitors, local residents, office workers, and regular members of the Sunday congregation. The Sub Dean, as Precentor, is responsible for worship and music.

The following table gives the pattern of regular Services held in the Cathedral together with their average attendances. Although average attendance at weekday services has remained stable, there has been an 11% increase in the average attendance at the 9.00am and 11.00am Eucharists on Sundays since last year.

### Sunday Services

### Average attendance

8.45am	Morning Prayer	4
9.00am	Eucharist	55
11.00am	Choral Eucharist	435
3.00pm	Choral Evensong	150
6.30pm	'6.30 at Southwark' *	50

### Weekday Services

8.00am	Morning Prayer	10
8.15am	Eucharist	12
12.30pm	Middy Prayer	4
12.45pm	Eucharist	12
5.30pm	Choral Evensong ( <i>or Evening Prayer when the choir is on holiday</i> )	55
7.00pm	Contemplative Rhythms ( <i>on the second Tuesday of every month</i> )	15

### Saturday Services

9.00am	Morning Prayer	5
9.15am	Eucharist	8
4.00pm	Choral Evensong ( <i>sung by a Visiting Choir</i> ) or Evening Prayer	100

\* The Sunday evening service takes a different format on each Sunday of a month. The service on the first Sunday is a Traditional Rite Choral Eucharist, on the second, a Service of Light, on the third, a Service of Wholeness and Healing, and on the fourth, Compline and Eucharistic Devotions. When there is a fifth Sunday in a month, a special service is held such as the Thomas Mass held jointly with the Norwegian Lutheran Church and St George's Cathedral, Southwark. It is noticeable that the provision of these "6.30 at Southwark" services is attracting four new and stable congregations.

In addition there are many special services held in the Cathedral, with those held detailed in the table on the following page:

	2008	2007
Baptisms	42	37
Weddings	14	7
Funerals	3	0
Memorial and thanksgiving services	14	11
Services for schools, colleges and universities	25	21
Christmas carol services and carol concerts	24	25
Cathedral services attended by other organisations	0	1
Diocesan services	7	3
Consecrations and other services for the national church	2	0
National services	5	4

### **Music**

The year 2008 has been another busy and enjoyable year for the Choirs at Southwark Cathedral.

Following the success of last year's performance of Fauré's *Requiem*, the girls and men gave a similar concert on the evening of Good Friday. Again they were accompanied by the Chameleon Arts Orchestra, while the second half comprised unaccompanied music for Passiontide, including Tallis' *Lamentations of Jeremiah*.

The same orchestra returned in December for the annual Christmas Concert of the boys and men. Being the 50<sup>th</sup> anniversary of the death of Ralph Vaughan Williams the main work was his *Fantasia on Christmas Carols*, the baritone soloist being one of our lay-clerks, John Biddle. As usual the second half consisted of carols by candlelight for the Choir and audience.

In October the girls undertook a highly successful tour to Rome, singing services and concerts in All Saints' Church (the Anglican Church there) and at St Paul's Within the Walls and had the opportunity to sing an *Ave Maria* in Santa Maria Maggiore.

The *Merbecke Choir* (for young singers, including former choristers, under 25) continues to flourish and they are becoming busier and busier. As well as their termly concerts, the Choir now sings regularly on the fourth Sunday of each month for Compline and is building up an impressive repertoire. In July the Choir's Director, David Pipe (who had previously been Organ Scholar here) moved to York to take up his new appointment as Assistant Director of Music at the Minster. He has been succeeded by Huw Morgan, Director of Music at St Laurence's, Catford and a freelance conductor and organist. The Choir's founding conductor, Ian Keatley, takes up his new post as Director of Music at Westminster Abbey Choir School in January 2009.

In July, the Harry Coles Organ Scholar, Timothy Wakerell, left to become Sub-Organist at St Pauls Cathedral and he has been succeeded by Tom Little, a student at the Royal College of Music.

Among the Old Choristers congratulations are due to Freddie James (currently Organ Scholar at Croydon Parish Church) on his winning the Organ Scholarship to St John's College, Cambridge for 2010 and to his exact contemporary, Richard Cook, who becomes Organ Scholar at Salisbury Cathedral in September 2009. It is also good that Arthur Malins has returned to the Choir as a Bass Choral Scholar.

During the year Lewis Batterham, Ted Elgar, Fergal Harper, David Lawanson, Nicholas Mannoukas and James Ross left the Boys' Choir and Clementine Morley and Maria Pearson the Girls' Choir. All were admitted as members of the Old Choristers' Association.

At the end of the year the Choir consisted of 16 boys (plus 3 probationers), 20 girls (plus 6 probationers), 6 Lay Clerks and 5 Choral Scholars. The *Merbecke Choir* regularly sings *Compline* once a month on a Sunday evening and ends each term with a concert. The Thursday Singers continue to rehearse each Thursday lunchtime during term time and regularly sing at the lunchtime Eucharist on feast days and the annual Carol Sing-In.

The cost of the music in 2008 was £150,476 (£138,732 in 2007). The Cathedral receives income each year for the provision of its choirs from the Choir Funds and from grants such as that made by the St Olave's and St Saviour's Grammar School Foundation. There were also a number of small grants and amounts of interest earned.

In addition the Director of Music is seeking funds to establish a Choir Fund. In 2008 we received two generous grants to endow two new lay clerks. The first was from the Vernon Ellis Foundation for £50,000 and the second was from the Friends of Cathedral Music whose £50,000 grant was their largest ever made. We are extremely grateful for these and other donations made in previous years. The money is invested by the Cathedral to produce income to support the cost of the lay clerks who are in turn named after the grant-making body. A further £9,100 was also donated towards the Choir Endowment from a legacy and two smaller gifts, all of which are gratefully received.

### **Congregation**

During the year, the Cathedral's regular congregation has grown in numbers and in its participation in the life of the church. As a Parish Church Cathedral, Southwark Cathedral has an Electoral Roll which is compiled in accordance with the Church Representation rules. A major revision of the Roll was undertaken prior to the Annual Parochial Church Meeting in 2007 when a new roll was approved. The electoral roll is expected to be 565 by the time of the Annual Parochial Meeting in April 2009 compared with 498 in 2008, which represents an increase of 13.5% in the year.

John Beaumont retired as Electoral Roll Officer at the APCM in April and was warmly thanked for his work in this capacity. Marie Tims and Mark Charlton were elected as joint Electoral Roll Officers at the same meeting.

### **Volunteers**

Many members are involved in the voluntary committees of the Chapter that deal with matters such as property and pastoral issues. People find many ways of contributing to the church by volunteering their time and skills. The contribution of these volunteers is unquantifiable but the Cathedral could not operate at the level of excellence or activity that it does without it.

The table on the following page shows the number of volunteers engaged in the various activities. Many volunteers assist in more than one capacity so the true number of individuals involved is 480.

### **Parish and community**

The Cathedral serves as a parish church for the rapidly changing neighbourhoods along Bankside from the edge of Tate Modern to the west as far as Hay's Galleria to the east. The parish reaches south from the River to Union Street (with a small deviation to include the Cathedral School and the All Hallows site). The parish also includes the Borough Market, Guys Hospital, Shakespeare's Globe, many of the new commercial developments along Southwark Street, a host of food outlets, and three substantial residential estates of private and social housing.

People living in the parish are entitled to use the Cathedral as their parish church for baptisms, weddings and funerals. In addition, the Cathedral benefits from the increasing numbers of tourists and visitors to this newly fashionable area of Bankside.

The Cathedral is active in assisting the community to respond to and benefit from its changing environment. The Cathedral participates in discussions with Southwark Council for local improvement initiatives. The Cathedral is

represented on the Bankside Residents' Forum Executive and works with the Better Bankside initiative, participating in the Corporate Social Responsibility Group, and has worked co-operatively with the Better Bankside Business Improvement District. The Cathedral hosts an annual service for local businesses at which the Cathedral Christmas Tree is lit.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish); as a result of the community work of the Cathedral Pastoral Auxiliary, Marion Marples, members of the Cathedral congregation are becoming more actively involved in local volunteering work, notably with the ROBES ecumenical project providing shelter for homeless people through the winter.

### **Voluntary involvement in Cathedral life**

<b>Organisation</b>	<b>2008</b>	<b>2007</b>
Bell ringers	32	32
Broderers	5	5
Cathedral chaplains	15	16
Cathedral Recorder	1	1
Choirs – Merbecke & Thursday Singers	54	55
Committee members	129	136
Day chaplains	42	44
Education Centre volunteers	16	16
Electoral Roll Officer	2	1
Eucharistic ministers	15	14
Flower arrangers	49	49
Gift Aid Recorder	1	1
Guides	19	16
Honorary vergers	5	5
Intercessors and readers	47	40
Office volunteers	8	5
Servers	37	40
Shop volunteers	11	14
Stewards	66	54
Sunday coffee	26	17
Sunday School	26	26
Wardens	2	2
Welcomers	42	34

The Cathedral also offers significant volunteering and training opportunities to local people who may not be part of the congregation, chiefly through connections made with education and training organisations by David Payne, the Cathedral Visitors Officer.

Since 2003, the Conventional District of St Hugh's (Charterhouse-in-Southwark) has also come under the pastoral supervision of the Cathedral. The Canon Pastor is Minister-in-Charge, assisted by the Reverend Kes Grant who took over from the Reverend Joabe Cavalcanti following his appointment as Vicar of St. Barnabas, Mitcham in 2008. This returns parts of the historic parish of St Saviour to the Cathedral parish.

The Cathedral contributes financially to the local, national and international community by giving 10% of the money raised through the planned giving scheme each year to a variety of charities. In 2008 the sum given was £15,731 (£13,530 in 2007).

## **Other events in the Cathedral**

The principal role of the Cathedral Church is to be a place of worship. However, the Church is a suitable space for the performing arts and has a Premises Licence, and a number of concerts and events are held each year. These are generally organised by outside bodies and range from performances by amateur music groups and informal recitals by visiting choirs to productions involving nationally renowned choirs, orchestras and theatre companies. There are also weekly organ recitals in the Cathedral on Mondays and music recitals on Tuesdays, the latter given by a student or students from one of the London music colleges. The Cathedral continues to participate in Bankside activities and Festivals including The Thames Festival, The Frost Fair and Open Squares Weekend.

Southwark Cathedral has hosted a number of Funeral, Memorial and Thanksgiving Services in the past year. Those commemorated at Memorial Services touched on many aspects of Cathedral life and its neighbours; Michael Jones, who had spent his entire working life as a broker with Butcher, Robinson and Staples, in an office based in The Old Chapter House, St Thomas' Street; a past Master of the Glass Sellers; a young employee of the local branch of Lloyds Bank; Ronald Spinney, a property developer and philanthropist who had set up the Unicorn Theatre based in MORE London; Sir David Orr, former Chief Executive of Unilever; Sir Denis Rooke, former Chairman of British Gas; Gerald Benney, goldsmith and silversmith to Her Majesty The Queen, whose original studio was in Bear Street; Professor Tom Pitt-Ford and Professor Tony Naylor, both with long associations with Guy's Hospital, the latter being a great supporter of the Cathedral and the Diocese. There was a Requiem Mass for Derek Turner, Canons' Verger, who died in September 2008 after a long illness. This was attended by many former colleagues and members of the congregation who had known Derek during his twelve years as a member of the vergers' team.

Special Services at the Cathedral included The Jamaica National Building Society 20<sup>th</sup> anniversary service; the Service to remember those who died in the Genocide in Rwanda; the College of Evangelists Eucharist and the Bernard Mizeki Day Commemorative Service. The Damilola Taylor Trust Commemorative Service was attended by both the Prime Minister, Gordon Brown, and the Leader of the Opposition, David Cameron.

In July, the Cathedral welcomed visiting bishops from North and South American and Africa on their way to the Lambeth Conference with a special Eucharist and lunch in the Garry Weston Library. Southwark Council held a Civic Service in the Cathedral for the first time in many years and there was an Inaugural Service for the new Southwark with Deptford Methodist Circuit.

In September 08 the Cathedral played host to a "Nun in a Tent", or to use the correct name for the event – *LifePrayer*. During the five days we enjoyed the presence of nine Anglican monks and nuns who staffed a Tent outside the south west door of the Cathedral answering many questions about prayer, the Religious life and also the Cathedral. The monks and nuns offered teaching sessions during a "Life Rhythms" day and shared various ways to discover more about prayer, spirituality and the Religious life. The event was organised for the Diocese by Canon Michael Hart and a small team from the Cathedral congregation.

Exhibitions and installations in the Cathedral are rare owing to the difficulty of accommodating them alongside the very busy diary of events. However, we were fortunate to host two in 2008: The 'Ignition' installation represented the glory of 'breaking bread together'. Visitors were shown an empty table covered in a tablecloth and a projector set above the table projected images of a meal, half-eaten, in the process of being eaten by dinner party guests in different parts of the world. The second installation was The Keiskamma Altarpiece, an embroidered work from South Africa. This attracted a great many visitors and Cathedral groups built this in to their programme. We were delighted to receive coverage in all the national newspapers.

The Cathedral continues with its work as a 'venue for the performing arts'. In 2008, concerts were given by The Royal Choral Society; the Goldsmith Choral Union; the London Oriana Choir; Wimbledon Choral Society and The National Youth Choir of Great Britain. Day-time events included The Schools Music Association Cathedrals Festival and The Southwark Schools Partnership Music Day with St Saviour's and St Olave's. The City of London Festival organ recitals were again performed in the Cathedral on three Mondays in June.

Our visiting choir diary is a popular way for young groups visiting the Cathedral to boost their programme of events whilst in Europe and gives them an opportunity to enjoy the extraordinary acoustics in the Cathedral. In 2008, we welcomed groups from America, Holland, Estonia and Sweden. Visiting School Choirs for Choral Evensong included Christ's Hospital, Epsom College, Reigate Grammar School and King's College School.

In December, the Cathedral hosted carol concerts and services for a wide range of organisations including The London Nautical School, St Saviour's and St Olave's School, The Cathedral School, Haberdashers' Aske's School, The Financial Times, PricewaterhouseCoopers, Barclays, Deutsche Bank, Marie Curie Cancer Care, The Variety Club of Great Britain and The Muscular Dystrophy Association. We were very pleased to welcome for the first time the Greater London Authority and the Special Olympics.

Details of concerts and other events held in the Cathedral during the year are as follows:

	2008	2007
<b>Local organisations</b>		
School concerts	1	3
Amateur music groups' concerts	9	16
Degree Ceremonies	11	17
<b>National organisations</b>		
Radio recording	0	1
Filming	0	2
Plays	0	1
<b>Fundraising events</b>		
Friends' Come and Sing	1	1
Choir concerts	3	5
<b>Recitals</b>		
Cathedral organ recitals	35	42
Music recitals	37	38
Informal recitals	18	2
<b>Education and training events</b>		
Diocesan study days	4	5
<b>Other events</b>		
Art installations	2	0
Music and Arts Festivals: 3	3	0

## Major works to the fabric

The total value of major works to the Cathedral in 2008 amounted to £31,312 (£100,620 in 2007). The major items of work consisted of preparatory works for the project to replace the lead on the tower and south transept roofs and install new safety access ladders and walkways above the Sacristy roofs prior to the work beginning in January 2009. This included design of the scaffolding and professional fees for architect and structural surveyor;

A significant element of the Cathedral's expenditure in 2008 was the maintenance of the Cathedral Church and its precincts. The staff of four vergers, a facilities supervisor and two full-time and two part-time maintenance and cleaning assistants care for the buildings and grounds day to day and supervise maintenance and repair work. The cost of this area of the Cathedral's activity was £426,007 plus £750 Millennium Project expenditure and £31,312 expenditure on major works (= total of £458,069), a decrease on the cost in 2007 of £406,220 plus £931 Millennium Project expenditure and £100,620 expenditure on major works (= total of £507,771).

## **The Friends of Southwark Cathedral**

Further assistance is given to the Chapter by the Friends of Southwark Cathedral who provide hospitality on a number of occasions such as consecrations (coffee before the service to welcome visitors), a cream tea for the boys, lay clerks and choral scholars at the end of the academic year, and various Diocesan events.

During 2008 the pattern of events for The Friends continued as in previous years. The Annual General Meeting and Friends Festival adopted a new timeslot which appeared to be very well received: beginning with a Choral Eucharist in the morning followed by lunch before the business meeting and Dean's Questions and Answers. David Payne spoke to the meeting in the afternoon, 'A day in the life of Southwark Cathedral' which entertained everyone. The day finished with Afternoon Tea and Choral Evensong. The Come and Sing took place in the spring for the first time and saw an improvement in attendance. The Annual Dinner was held at The Oxford and Cambridge Club the speaker being Stephen Bates, a senior correspondent with The Guardian. At Shakespeare's Globe the party saw a wonderful performance of A Midsummer Night's Dream and the Advent Carol Service was as beautiful as ever. Specifically to raise funds, The Friends held a Book Sale on the Community Day in May, another two day Grand Book Sale in July and the Christmas Market in early December. These were all successful events whilst still giving room for growth and development. In addition to the regular programme some additional events took place: A candlelit evening tour of the Cathedral, a Medical Day on a Saturday in June and an evening to learn more about The Keiskamma Altarpiece, which was in the Cathedral in the autumn. Some walks also took place guided by Guy Rowston while Natasha Kornilof was unwell.

The Friends were very sad to lose a number of loyal members: Sheena Jennett, George Perry, Jean Lawrence, Natasha Kornilof, Elizabeth Thornhill and Elizabeth Atkinson, wife of a previous Chairman of the Friends, Richard Hardman.

The Friends provided, as usual, the end of year Cream Tea for the Choir and discussed various other projects to which they could provide financial support. A commitment was given to fund the re-ordering of the lighting of the Harvard Chapel and this work will take place during 2009.

## **Relationships with other organisations with whom we co-operate**

### ***Southwark Council***

Close and amicable relations are maintained between the Chapter and Southwark Council's councillors and officers, particularly on issues relating to planning, licensing and tourism.

### ***Hospitals and universities***

Links with Universities and Hospitals continue with the annual return of the United Hospitals Music Society concert in the Cathedral in the spring and the GKT December concert with participation by our Succentor, The Revd Anna Macham. The degree awards ceremonies for King's, the London South Bank University and the London School of Commerce run through the year, and we were also pleased to welcome City University for a number of degree ceremonies that would normally be held at the Guildhall which has been closed for refurbishment.

London Bridge Hospital, a private hospital in Tooley Street, booked the Cathedral tower space for a Memorial Service for those who died whilst at the Hospital.

Hospital Services include the Palliative Care Service in October and the Thanksgiving Service that takes place in May for those who have donated bodies for Medical Education and Research.

These events strengthened our ties with the community but also generated revenue. This income is included in the figure for income earned from commercial lettings in the books of Southwark Cathedral Enterprises Ltd.

## **Diocesan and extra-Cathedral activities of the Dean and Canons**

### **The Very Revd Colin Slee, Dean**

The Dean is a member of the Bishop's Staff Meeting, which assists the Bishop in running the Diocese. He is a member of the Diocesan Synod, the Bishop's Council and the Diocesan Board of Education.

He is a member of the Executive Committee of the Association of English Cathedrals and represents deans in General Synod. He is a member of the Deans' Conference. He is an elected member of the Crown Nominations Commission.

The Dean is the Archbishop's representative as a Governor of INFORM; he is a vice-chairman, specialising in academically objective information about New Religious Movements.

The Dean is involved with a number of other organisations. He is a Fellow of King's College, London, and a trustee of the Borough Market, the London Bridge Museum Educational Trust, Chairman of the Tutu Foundation UK, Chairman of the independent Working Party on the revision of the Law on Murder and Manslaughter, and a member of the Court of the Corporation of the Sons of the Clergy.

### **Canon Andrew Nunn (Sub Dean)**

Canon Nunn is Warden of Readers for the Diocese of Southwark, and Chairman of the Diocesan Liturgical Committee, a member of the General Synod, the Diocesan Synod and the Board for Ministry and Training.

He is a trustee of the St Olave's and St Saviour's Grammar School Foundation and the Chairman of its Foundation Fund Committee. He is a governor of St Saviour's and St Olave's School for Girls in Southwark. He is also Chaplain to the Worshipful Company of Launderers.

Canon Nunn contributes to the local church by teaching and speaking at a number of courses and events and particularly in the Diocesan IME and CME programmes. In addition he is a Bishop's Advisor for the Ministry Division of the Archbishops' Council. He is Rector General of the Society of Catholic Priests.

### **Canon Bruce Saunders (Canon Pastor)**

As Canon Pastor, Canon Saunders acts as the parish priest for the Cathedral parish and congregation and is minister-in-charge of St Hugh's, Bermondsey, a Conventional District linked to the Cathedral and part of Charterhouse-in-Southwark. Canon Saunders chairs the Cathedral Education Centre's Management Committee, is a governor of the Cathedral School, the Cathedral's foundation primary school, President of the Diocesan SPA Council, a trustee of the Newcomen Collett Foundation, a member of the Bankside Residents' Forum Management Committee and of the Better Bankside Corporate Social Responsibility Group, and a trustee of Crisis, the charity for homeless people.

Canon Saunders is a Bishop's Examining Chaplain and contributes to the national church as a Bishop's Adviser for the Ministry Division of the Archbishops' Council.

### **Canon Robert Titley (Canon Treasurer)**

Canon Titley is the Senior Diocesan Director of Ordinands. In this capacity he helps foster vocations in the Diocese to ordained and other ministries; works with candidates for ordained ministry in particular, during both

the selection process and pre-ordination training; and helps in the placing of the newly ordained in their first posts within the Diocese.

**Canon Michael Hart (Canon Missioner)**

Canon Hart is the officer for the Diocesan Working Group on mission, evangelism, spiritual formation and church planting. He works with clergy and laity, assisting parishes to develop mission strategies, and also leading quiet days, retreats and missions. Canon Hart is charged with seeking ways of enabling a 'Mission-Shaped Church', investigating 'new shapes of church' and new methods of church planting. In the Diocese, as well as being the Chairman of the Evangelism Group he has initiated "Companions in Mission", a strategy to use deployable lay and ordained people in teams to work in partnership with parishes on Mission projects. He is at present working on the creation of a new Diocesan group to be called Spiritual Formation and the appointment of a half-time Officer who will develop this work from Easter '09.

He is also a Spiritual Director and on the Executive of SPIDR (network for Training Spiritual Directors); on the Governing Body of the College of Evangelists; a member of the USPG Advisory Group; a Priest Associate of the Sisters of the Love of God; and a member of the Society of Catholic Priests. Canon Hart also lectures as part of the CME programme and is a member of the Bishop's Staff Meeting.

**Canon Dr Jane Steen (Canon Chancellor)**

Canon Steen has responsibility for diocesan provision of education and development for clergy, and for some lay education.

Canon Steen is a member of the Bishop's Staff Meeting.

# Financial Review

## The financial situation

The financial position of the Cathedral is the subject of continuing discussion and review by the Chapter, Finance Committee and Board of Southwark Cathedral Enterprises Limited. The day-to-day operations of the Cathedral generate a surplus of income over expenditure which is encouraging but the deficits on General, Property and Millennium Project Funds continue to present a significant challenge to the ongoing work of the Cathedral. The Chapter continues to investigate ways to increase income and address the deficits, and to secure the long term financial future of the Cathedral.

In 2008, the Cathedral generated a surplus at an operating level of £298,296 compared to £112,930 in 2007 (see Summary of results below) which exceeded budget and demonstrated the commitment of all working at the Cathedral to maximise income and minimise expenditure. The results show continued growth in the Cathedral's income streams, especially in voluntary giving and commercial activities. However, £100,000 of this surplus consists of donations towards the project for repairs to the Cathedral roof, all of which will be spent in early 2009.

While this surplus is encouraging, the cash flow position remains challenging and is likely to do so in the year ahead. Overall, in cash terms, excluding restricted and endowment fund donations, there was a surplus of just over £28,000.

Although the operating performance was satisfactory, the effect of accumulated deficits on a number of funds and the cost of servicing long-term loans is such that the Chapter is dedicated to continued careful management of the Cathedral's finances for the foreseeable future, making every effort to improve income whilst monitoring expenditure extremely carefully.

## Reserves policy

The Chapter has a policy of building up reserves once the deficit funds have been brought back into credit. A reserve equal to six months' operational expenses would provide a cushion against unexpected events and allow for better long-term financial planning and budgeting. Based on 2007 figures, a reserve fund equal to six months unrestricted income would need to be £773,000. In the current financial climate, it is unlikely that such a reserve will be built up within the next five years although the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this.

## Summary of results

	2008	2007
Cathedral income	£1,982,225	£1,726,147
Cathedral expenditure	(£1,662,877)	(£1,615,232)
Profit/(loss) on sale and revaluation of investments	(£21,052)	£2,015
<b>Total surplus/(deficit)</b>	<b>£298,296</b>	<b>£112,930</b>

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £157,311 in 2008 compared with £135,298 in 2007 which is an increase of 16% year on year. A significant proportion of this sum is gift aid which accounted for £51,094 across all forms of giving in 2008 (£54,258 in 2007). In addition to planned giving, collections taken at services for retention by the Cathedral amounted to £79,543, an increase from £73,266 in 2007 (figures include gift aid). A grant of £56,809 was received from the Church Commissioners in 2008 (£65,545 in 2007) as a contribution to the costs of funding the salaries of Cathedral staff: vergers £137,760 (£142,313 in 2007), administration staff £195,531

(£185,282 in 2007), organists £64,473 (£60,918 in 2007), who all assist in the provision of services. The Church Commissioners also fully pay the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Pastor, contributing £111,895 (£108,134 in 2007). Income from charges and fees also increased in 2008 to £163,530 compared with £100,403 in 2006. This income is derived from fees for special services, weddings and funerals and from charges recoverable from organisers of services and events for musicians and administration.

Overall, there was a surplus across all funds of £298,294 in 2008 compared with a surplus of £112,930 in 2007. This is largely attributable to two factors: donations for the repair works to the Cathedral roof, and two generous donations towards the Choir Endowment Fund. When considering the unrestricted funds, which are the primary resource available for the day-to-day running costs of the Cathedral, there was a surplus of £159,007 (before transfers) compared with a deficit of £12,406 in 2007. A large part of this consists of donations towards the roof repairs which will be spent early in 2009.

## **Deficit funds**

At 31<sup>st</sup> December 2008, there were deficits on the following funds:

### **The General Account**

The deficit on this fund (£140,153 after transfers of £69,425 to the Property Fund compared with £152,758 in 2007) is attributable to expenditure exceeding income during the course of the Millennium Project, when income-generating activities were directly affected by the building process and yet investment was needed in people and other resources to ensure the best possible outcome from the opportunities presented by the new buildings and businesses. The Chapter has resolved that surpluses on the General Account be retained to offset the accumulated deficit, subject only to transfers to the Property Fund to eliminate the deficit on that fund (see below).

In 2008, £2,420 was retained in the General Account (£3,793 in 2007) representing the surplus retained in Southwark Cathedral Enterprises Ltd.

There was a substantial reduction in the deficit on the General Account due to better than expected results from commercial activities and increases in regular and planned giving. At a cash flow level, however, the situation remains challenging and is expected to continue to be so for the year ahead.

### **The Millennium Project Account**

Work on the Millennium Project at a total cost of approximately £10.8 million was completed in May 2001 although fund-raising did not match the final invoiced total resulting in a deficit on the Millennium Project Account. In 2008, we received a number of donations totalling £40,575 against expenditure of £750 plus £8,600 on loan repayments. This meant that the fund deficit could be reduced, after transfers, from £811,304 at the end of 2007 to £771,479 at 31<sup>st</sup> December 2008.

£201,482 of loans were directly attributable to the Project at 31<sup>st</sup> December 2008 (£204,643 at 31<sup>st</sup> December 2007); the rest of the deficit is accounted for by internal borrowing from other Cathedral funds. The Chapter has agreed that all legacies received by the Cathedral which are not otherwise designated will be assigned to the Millennium Project Account to reverse the existing deficit and reimburse the other funds.

The new Millennium buildings have not been capitalised in the accounts as they are deemed to be part of the Cathedral building (as agreed by the Cathedrals Fabric Commission for England under section 13(4) of the Care of the Cathedrals Measure 1990) to which no value is attributed in accordance with the provisions of the Guidelines on English Anglican Cathedral Accounts prescribed by the Church Commissioners.

## **Investment performance**

Such investments as there are continue to be invested in accordance with the Trustees Act 2000. The Cathedral's

investment policy is to maximise the return (taking capital and income together) while investing within the ethical guidelines adopted by the Church Commissioners. There was a negative return on investments in 2008 of £9,670 (compared to a positive return of £9,092 in 2007) which is entirely attributable to market volatility and the collapse of stock market values in 2008 due to the global recession and banking crisis. Investment performance is expected to continue to be poor in 2009.

## Maintenance costs

The following forecast of maintenance costs is based on the Property Committee's rolling programme of works, developed in conjunction with the Surveyor to the Fabric and based on the Report of the Quinquennial Survey undertaken in 2004. Routine maintenance is deemed to be the responsibility of the Verging Department and is included in the annual budget of that department (part of General Account expenditure). As the Cathedral has no in-house source of income for major repair work, it is the Chapter's policy to undertake major work only when grant funding and donations have been received or committed. As yet, sources of funding for further work proposed for 2010 and all works in subsequent years have not been identified.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Routine maintenance	60	62	64	66	68
Crossing platform	0	0	200	0	0
Replacement of boilers	120	0	0	0	0
Health & safety	12	10	25	11	10
Roof repairs	172	148	355	99	0
Masonry and window repairs	250	314	95	173	100
Internal repairs	25	25	25	25	25
Lighting and electrical work	11	11	20	12	12
<b>Total</b>	<b>650</b>	<b>570</b>	<b>784</b>	<b>386</b>	<b>215</b>

## Southwark Cathedral Enterprises Limited

During 2008, Enterprises had their seventh full year of trading in the new buildings and there were continuing signs of the maturing of the individual business streams.

2008 once again proved a highly successful year for trading in the conference centre with the total income of £383,289 exceeding that for 2007 (£342,750) by nearly 11%. This is in part due to the graduation ceremonies held in the Cathedral where the university or college concerned pays a premium for taking over the whole site for a day. Graduation business accounted for almost £69,000 of the total conference income and demonstrates the importance of such events to the financial health of the Cathedral even though they involve many staff, especially the vergers, in a huge amount of work. Unfortunately, we are expecting fewer graduation ceremonies in 2009 following the return of City University to the Guildhall now that that venue has completed its refurbishment.

The new client list continues to grow and business remains strong, especially from the charitable and public sectors. The 'atmosphere', 'location' and a 'fair and reasonable pricing' structure continue to be the deciding factors for many of the clients who use the conference facilities. SCE continues to subscribe to Unique Venues of London and Visit London which affords representation at CONFEX and RSVP amongst other benefits such as networking opportunities.

Sales in the Cathedral Shop rose in 2008 by 5% to £237,339, the first rise in sales since 2004. This was all the more remarkable in a year that has seen the retail sector of the national economy contract under the pressure of recession. Despite good sales, the net profit was only £4,940 and this fact, combined with the generally poor sales

performance in the past, persuaded the Board of Southwark Cathedral Enterprises to reduce the size of the shop in spring 2009. The shop will be reduced by 50% and the vacated space will become a sixth conference room. This will enable a much greater profit per square foot to be generated for the Cathedral than would have been possible from retail activities. Unfortunately, these changes have meant that the Assistant Shop Manager's post will be made redundant in February 2009 and that the book stock will be greatly reduced. Competition from internet retailers has made selling books increasingly unprofitable.

The Board feel that the measures they have taken will generate increased income for the Cathedral while at the same time preserving the range of facilities available to visitors and the congregation.

In May 2008, Sodexo Prestige took over the catering contract from Digby Trout Restaurants after the latter's seven years as our catering partner. Sodexo had emerged as the clear winner in a detailed tender process in which ten companies had expressed an interest in operating from Southwark Cathedral.

In addition to offering a good rental concession to SCE Ltd based on sales, Sodexo Prestige has given a commitment to develop new marketing and sales initiatives. Progress has, however, been slower than hoped on setting up a permanent trading facility in the south churchyard and refurbishment of the Refectory and Courtyard. It is expected that these will be in place by summer 2009.

The new Refectory Manager, Nicholas Salmon, has proved to be very able and professional and has demonstrated a keen understanding of the site and an unfailingly polite and courteous manner with customers. The quality and range of food have received many compliments in their first 8 months of trading.

Rental income from the Refectory increased sharply in 2008 with £68,457 being paid to SCE Ltd by the contract caterer Sodexo Prestige (May to December) and Digby Trout Restaurants (January to April), compared to £47,460 in 2007. This payment is based on a percentage of sales in both the refectory and from conference and event catering.

Behind this headline figure of rental income, it should be borne in mind that the Refectory, as run by Sodexo, is a business with a turnover of £540,000 in 2008 providing employment for nine full time and two part-time staff from a wide variety of ethnic backgrounds plus many additional casual staff brought in for special events.

The car parking business has been a steady income stream for many years. The initial trial for Saturday car parking charges, introduced in October 2007, has continued and is now permanent. A very small profit was made on this activity in 2008 but, with the security guard employed to manage car parking also doing tours of the site, there has been a pleasing reduction in petty crime in the Cathedral and precincts proving that there are added benefits in addition to the cash received from casual parking.

Overall, the contribution of the company to the Cathedral was £341,190 which is almost 33% up on 2007 (£257,466). This is a tremendous achievement in a year that has seen a slide into the first recession for sixteen years. SCE Staff have worked very hard to ensure that income from the different business streams has remained robust but there will undoubtedly be an even greater challenge ahead in 2009.

## **Risk Management**

The Chapter has undertaken a review of risks and recorded the results in a Risk Register. The review included the identifying of strategies to mitigate the risks, and allocated responsibility to various committees and people for ensuring that mitigation strategies continue to be implemented. Where further actions to mitigate risks are required, these are being addressed by the staff of the Cathedral.

The Chapter considers the major risks affecting the future of the Cathedral to be funding and reliance on key members of staff. The Cathedral is dependent on being able to trade its way out of indebtedness in respect of the Millennium Project and repairs to the fabric, and to return to a surplus on the General Account. Progress has been made in repaying some of the amounts due but there are no reserves to cushion the Cathedral should there be any new requirements or emergencies. Successful and profitable trading by Southwark Cathedral Enterprises Ltd is essential; the Cathedral is susceptible to any change in circumstances which affects income earning potential. As a small organisation, where each member of staff has a unique and necessary role, the Cathedral is dependent on staff continuity; the sudden loss of a senior member of the clergy or lay staff would be difficult to manage and may require buying in expensive skills to cover a shortage.

Finally, on behalf of the Chapter, I would like to express our thanks to all the staff and volunteers of the Cathedral for their hard work throughout the year.

COLIN SLEE

Dean

# Report from the Fabric Advisory Committee

During 2008 Harvey Sheldon retired from the post of Cathedral Archaeologist and was succeeded by Mrs Nathalie Cohen. Nathalie's experience includes several years as a senior archaeologist at the Museum of London and she is currently taking a leading role in the examination and identification of the human remains unearthed during the recent refurbishment of the premises now tenanted by The London Bridge Experience. Also, after more than twelve years in the post, Peter Draper stood down as Chairman of the FAC while remaining a member. At the start of the last of the four meetings of the Committee in 2008, fellow-members unanimously chose The Revd Charles Pickstone to succeed him as Chairman. Charles is Vicar of St. Lawrence, Catford, and has been a member of the FAC since 2003. Both Peter and Harvey were warmly thanked for their contributions to the FAC and the Cathedral over many eventful years.

The Cathedral Chapter made three formal applications to the FAC under the Cathedrals Measure 1990 (as amended). One was for a panel to be inscribed in the north choir aisle in memory of John Young, in recognition of the donation towards the purchase of new nave chairs and other gifts that he and his family had made to the Cathedral over many years. The second application was for the renewal of roofing on the tower and south transept. The Young panel is now in place and the roof work began in January 2009.

The third application to the FAC resulted from a request to the Cathedral Chapter by Ross Herald of Arms that a memorial should be placed in the south transept, close to the arms of Cardinal Beaufort, to celebrate the marriage in the church in 1424 of his niece Margaret to King James I of Scotland. The FAC deferred a decision on this application but invited The Ross Herald to provide more detailed proposals which are now awaited.

Last year the FAC reported the applications the Cathedral Chapter had made to the Cathedrals Fabric Commission for England for outline permission permanently to raise the height of the Sanctuary Crossing and pulpit. In April 2008 the Commission finally approved these applications conditionally, the principal conditions being that the FAC should consider and approve all the details of this major project before work proceeds.

During the year there was also much briefing of the FAC, and discussion within it, of three further matters of major concern to the Cathedral Chapter: within the Cathedral, the conservation and proper future use of the unique fabric items created for it, nearly a century ago, by Sir Ninian Comper; outside the walls, the proposals by Southwark Council to erect a major memorial in Cathedral Square to the Rwandan genocide of the 1990s; and the consequences of, and opportunities for, the Cathedral and its precinct presented by the huge refurbishments in the Thameslink project and the new works now starting to take shape above London Bridge station in the form of The Shard building.

# **Southwark Cathedral**

## **Independent Auditors' Report to the Members of Chapter**

We have audited the financial statements of Southwark Cathedral for the year ended 31<sup>st</sup> December 2008 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Chapter members, as a body, in accordance with Section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken for no purpose other than to draw the attention of the Chapter members to those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chapter and the Chapter members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Members of the Chapter and Auditors**

The responsibilities of the members of the Chapter for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Chapter's Responsibilities.

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 guidelines specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the Cathedral has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual 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 Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Chapter in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Cathedral'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 state of affairs of the Cathedral and the group as at 31<sup>st</sup> December 2008 and of the incoming resources and resources expended of the group for the year then ended;
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

*Kingston Smith LLP*

Devonshire House  
60 Goswell Road  
London EC1M 7AD

**Kingston Smith LLP**  
Chartered Accountants  
and Registered Auditors

Date: *8/4/2009*



# Southwark Cathedral

## Consolidated Statement of Financial Activities for the year ended 31<sup>st</sup> December 2008

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2008	Total Funds 2007
		£	£	£	£	£
<b>Incoming Resources</b>	2					
(i) Voluntary income		485,503	141,990	110,087	737,580	596,262
(ii) Grants receivable		8,500	169,404	-	177,904	208,179
(iii) Charges and fees arising in course of mission		163,530	9,221	-	172,751	125,913
(iv) Income from activities generating funds		763,618	-	-	763,618	666,531
(v) Income from property and investments		106,683	2,164	2,786	111,633	85,031
(vi) Other income		18,739	-	-	18,739	44,231
<b>Total Incoming Resources</b>		<u>1,546,573</u>	<u>322,779</u>	<u>112,873</u>	<u>1,982,225</u>	<u>1,726,147</u>
Costs of generating funds	3	<u>(518,763)</u>	<u>(11,636)</u>	<u>-</u>	<u>(530,399)</u>	<u>(499,315)</u>
<b>Net Incoming Resources available for Mission</b>		<u>1,027,810</u>	<u>311,143</u>	<u>112,873</u>	<u>1,451,826</u>	<u>1,226,833</u>
Expenditure on mission	4					
(i) Ministry		316,349	140,016	-	456,365	427,130
(ii) Cathedral and precincts upkeep		409,569	48,499	-	458,068	507,771
(iii) Education and outreach		47,307	40,828	-	88,135	67,600
(iv) Community, parish and congregation		24,794	1,633	-	26,427	28,686
(vi) Other expenditure		33,981	32,701	-	66,682	63,743
<b>Total resources expended on mission</b>		<u>832,000</u>	<u>263,677</u>	<u>-</u>	<u>1,095,677</u>	<u>1,094,930</u>
<b>Governance costs</b>		<u>36,802</u>	<u>-</u>	<u>-</u>	<u>36,802</u>	<u>20,987</u>
<b>Total expenditure on generating funds, mission and governance</b>		<u>1,387,565</u>	<u>275,312</u>	<u>-</u>	<u>1,662,877</u>	<u>1,615,232</u>
<b>Net (Outgoing)/Incoming Resources</b>		<u>159,008</u>	<u>47,467</u>	<u>112,873</u>	<u>319,348</u>	<u>110,915</u>
<b>Other recognised gains (losses)</b>						
Investments	6	<u>-</u>	<u>(17,129)</u>	<u>(3,923)</u>	<u>(21,052)</u>	<u>2,015</u>
		<u>-</u>	<u>(17,129)</u>	<u>(3,923)</u>	<u>(21,052)</u>	<u>2,015</u>
Gross transfer between funds		<u>(4,799)</u>	<u>7,585</u>	<u>(2,786)</u>	<u>-</u>	<u>-</u>
<b>Net movements in funds</b>		<u>154,209</u>	<u>37,923</u>	<u>106,164</u>	<u>298,296</u>	<u>112,930</u>
Funds brought forward		<u>(216,140)</u>	<u>(630,357)</u>	<u>4,544,583</u>	<u>3,698,086</u>	<u>3,585,156</u>
<b>Total Funds Carried Forward</b>		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,086</u>

# Southwark Cathedral

## Consolidated Balance Sheet as at 31<sup>st</sup> December 2008

Group						
	Note	Unrestricted	Restricted	Endowment	Total Funds 2008 £	Total Funds 2007 £
<b>Fixed Assets</b>						
Investment assets	6	-	49,936	11,441	61,377	82,429
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	3,643,093	3,643,093	3,643,093
Equipment and plant	8	56,361	-	-	56,361	17,933
		<u>56,361</u>	<u>49,936</u>	<u>3,654,534</u>	<u>3,760,831</u>	<u>3,743,455</u>
<b>Current Assets</b>						
Stocks		79,454	-	-	79,454	72,781
Deposits with Central Board of Finance of the Church of England		-	9,588	191,809	201,397	88,395
Other deposits and cash		78,725	156,594	-	235,319	76,714
Debtors	9	484,570	-	-	484,570	486,065
		<u>642,749</u>	<u>166,182</u>	<u>191,809</u>	<u>1,000,740</u>	<u>723,954</u>
<b>Liabilities due within one year</b>						
Loan		(121,978)	(5,494)	(17,634)	(145,106)	(137,064)
Creditors	10	(181,676)	-	-	(181,676)	(169,599)
		<u>(303,654)</u>	<u>(5,494)</u>	<u>(17,634)</u>	<u>(303,654)</u>	<u>(306,663)</u>
<b>Net Current Assets</b>		<u>339,095</u>	<u>160,688</u>	<u>174,175</u>	<u>673,958</u>	<u>417,291</u>
<b>Total Assets less Current Liabilities</b>		395,456	210,624	3,828,709	4,434,789	4,160,747
<b>Liabilities due after one year</b>						
Inter-fund loan		(346,860)	(603,058)	949,918	-	-
Loans	11	(110,527)	(200,000)	(127,880)	(438,407)	(462,660)
		<u>(457,387)</u>	<u>(803,058)</u>	<u>(127,880)</u>	<u>(438,407)</u>	<u>(462,660)</u>
<b>Net Assets</b>		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,087</u>
Representing:						
<b>Funds</b>	17-19					
General Fund		(140,152)	-	-	(140,152)	(152,758)
Choir Funds		-	75,983	173,999	249,982	154,406
Girls Choir Fund		-	-	20,108	20,108	20,108
Pastoral & Parochial Account		-	22,643	-	22,643	22,643
Millenium Project		-	(771,479)	-	(771,479)	(811,304)
Buildings Fund		-	-	3,643,093	3,643,093	3,643,093
Capital Account		-	-	481,932	481,932	485,855
Property Fund		119,758	-	331,615	451,373	312,190
Southwark Cathedral Enterprises		(41,537)	-	-	(41,537)	(43,957)
Centenary Chair Appeal Fund		-	80,419	-	80,419	67,811
		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,087</u>

# Southwark Cathedral

## Balance Sheet as at 31<sup>st</sup> December 2008

Cathedral

	Note	Unrestricted	Restricted	Endowment	Total Funds 2008 £	Total Funds 2007 £
<b>Fixed Assets</b>						
Investment assets	6	-	49,936	11,441	61,377	82,429
Subsidiary undertaking	5	108,463	-	-	108,463	105,988
Tangible assets:						
Property	7	-	-	3,643,093	3,643,093	3,643,093
Equipment and plant	8	56,361	-	-	56,361	17,933
		<u>164,824</u>	<u>49,936</u>	<u>3,654,534</u>	<u>3,869,294</u>	<u>3,849,442</u>
<b>Current Assets</b>						
Stocks		-	-	-	-	-
Deposits with Central Board of Finance of the Church of England		-	9,588	191,809	201,397	88,395
Other deposits and cash		41,477	156,594	-	198,071	62,842
Debtors	9	447,277	-	-	447,277	418,166
		<u>488,754</u>	<u>166,182</u>	<u>191,809</u>	<u>846,745</u>	<u>569,403</u>
<b>Liabilities due within one year</b>						
Loan		(121,978)	(5,494)	(17,634)	(145,106)	(137,064)
Creditors	10	(136,144)	-	-	(136,144)	(121,031)
		<u>230,632</u>	<u>160,688</u>	<u>174,175</u>	<u>565,495</u>	<u>311,308</u>
<b>Net Current Assets</b>						
		<u>230,632</u>	<u>160,688</u>	<u>174,175</u>	<u>565,495</u>	<u>311,308</u>
<b>Total Assets less Current Liabilities</b>						
		395,456	210,624	3,828,709	4,434,789	4,160,750
<b>Liabilities due after one year</b>						
Inter-fund loan		(346,860)	(603,058)	949,918	-	-
Loans	11	(110,527)	(200,000)	(127,880)	(438,407)	(462,660)
		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,087</u>
<b>Net Assets</b>						
		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,087</u>
Representing:						
<b>Funds</b>						
	17-19					
General Fund		(140,152)	-	-	(140,152)	(152,758)
Choir Funds		-	75,983	173,999	249,982	154,406
Girls Choir Fund		-	-	20,108	20,108	20,108
Pastoral & Parochial Account		-	22,643	-	22,643	22,643
Millennium Project		-	(771,479)	-	(771,479)	(811,304)
Buildings Fund		-	-	3,643,093	3,643,093	3,643,093
Capital Account		-	-	481,932	481,932	485,855
Property Fund		119,758	-	331,615	451,373	312,190
Southwark Cathedral Enterprises		(41,537)	-	-	(41,537)	(43,957)
Centenary Chair Appeal Fund		-	80,419	-	80,419	67,811
		<u>(61,931)</u>	<u>(592,434)</u>	<u>4,650,747</u>	<u>3,996,382</u>	<u>3,698,087</u>

Approved by the Chapter and authorised for issue on 25<sup>th</sup> March 2009

Colin B Slee  
Dean

# **Southwark Cathedral**

## **Notes to the Consolidated Financial Statements**

### **I Accounting Policies**

#### **Basis of preparation of the consolidated financial statements**

The financial statements are prepared under the historical cost convention, modified to include the valuation of certain fixed assets, and in accordance with applicable accounting standards and the guidelines on Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners. The Accounting and Reporting Regulations were revised with effect from December 2006 in order to conform to the recommendations of the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission in March 2005.

#### **Group financial statements**

The financial statements are consolidated to include the results of the Cathedral's subsidiary undertaking, Southwark Cathedral Enterprises Limited. They do not include the financial transactions, assets and liabilities of other charitable organisations which are not under the control of the Dean and Chapter, details of which are provided in the notes to the financial statements; nor do they include the accounts of informal gatherings of church members or church groups that owe their main affiliation to another body.

#### **Third party and non-cash receipts and payments and donated assets and services**

Where amounts are payable on behalf of the Cathedral by third parties, for example the Church Commissioners, these are disclosed under both income and expenditure in the consolidated statement of financial activities. Where assets and services are donated to the Cathedral the value is included in the appropriate classification of income and expenditure.

#### **Legacies and Donations**

All legacies and donations receivable are credited to the Consolidated Statement of Financial Activities and allocated to the relevant fund according to any restrictions placed upon their use.

Legacies are accounted for when they become due and are accrued as debtors where the Cathedral is certain of its entitlement and any pre-conditions have been complied with and it is reasonably certain that the legacy will be received within a reasonable time span, and the amount to which the Cathedral is entitled and which will be received can be reliably measured.

#### **Grants Receivable**

Grants receivable which are subject to conditions or restrictions are credited to the restricted fund in the Consolidated Statement of Financial Activities, depending on the category of expenditure incurred to which they relate, as soon as they are received or become receivable. The related expenditure incurred is charged to the restricted fund in the Consolidated Statement of Financial Activities as appropriate.

If a grant has been received or is receivable and either the related expenditure has not been incurred or the conditions of the grant have not been satisfied, then the grant is carried forward in restricted funds in the balance sheet. If expenditure has been incurred prior to the receipt of the related grant, but with other conditions satisfied, then the grant receivable is credited to the Consolidated Statement of Financial Activities and carried forward as a debtor in the balance sheet.

#### **Taxation**

Income is shown net of value added tax. Input value added tax is reclaimable on a percentage basis subject to partial exemption rules. All irrecoverable value added tax is included under the appropriate classification of expenditure. All recoverable income tax is included under the appropriate classification of income.

### **Cathedral and its inventory**

No value is attributed to the Cathedral (together with the linked 1988 Chapter House and Millennium Buildings) in the financial statements and it is not included in the consolidated balance sheet. The Cathedral and the Millennium buildings, which are inalienable assets, are currently insured for a total sum of £39 million. No value is attributed to items included in the Cathedral inventory under Section 13(1) of the Care of Cathedrals Measure 1990 as they are considered to be of architectural, archaeological, artistic or historic interest and the cost of obtaining valuations would be onerous compared with the benefit derived by users of the accounts.

### **Depreciation**

No depreciation is provided on the freehold properties owned by the Cathedral and carried on the Balance Sheet because the useful economic life of the properties is judged to be longer than 50 years, and the Chapter's policy is to maintain and repair the properties to ensure that they retain their value in use to the Cathedral. In order to comply with FRS 15 Tangible Fixed Assets, the Chapter has conducted an impairment review. The Chapter considers that the net realizable value of the properties in the Balance Sheet is not less than their carrying value and expects to hold the properties for more than 50 years. In the opinion of the Chapter, the assets are therefore not impaired and there is no requirement to adjust the value at which the properties are carried in the Balance Sheet.

Up to 31st December 1998 expenditure on furnishings, equipment, fixtures and furniture was written off when incurred. From 1st January 1999 expenditure on such projects of £10,000 or more is stated in the balance sheet at cost less depreciation provided to write it off over a period of years as follows:

Computers and software	3 years
Other items	4 years

### **Other property**

Properties owned by the Cathedral are included in the consolidated balance sheet at cost or valuation. In accordance with the transitional rules under Financial Reporting Standard 15, the Cathedral has retained the values of its properties brought forward from 2001. The most recent valuations were carried out in 1996 and 1999 as disclosed in the notes to the financial statements.

### **Investments**

The investments are held subject to the Trustees Act 2000 and are included in the consolidated balance sheet at market value.

### **Stocks**

Stocks comprise shop goods for resale and are stated at the lower of cost and net realisable value.

### **Funds**

Funds are classified between endowments, restricted and unrestricted in accordance with the legal constraints on their use, and the consequent degree of flexibility which the Chapter has on using the incoming resources that gave rise to the funds.

#### *Endowment Funds*

These are funds where there is no power to convert capital into income. They are held permanently and cannot be utilised for other purposes, although the constituent assets may change over time.

#### *Restricted Funds*

These are funds subject to specific conditions or trusts, imposed by the donor or the terms of a specific appeal, which are binding on the Chapter. The restrictions may be on income or capital or both.

#### *Unrestricted Funds*

These are funds other than endowment and restricted funds and include funds designated for a specific purpose by the Chapter.

### Designated Funds

These are unrestricted funds designated for specific purposes by the Chapter.

### Pension Scheme Arrangements

#### Defined contribution

These pension charges represent the costs of the contributions payable by the Cathedral.

Prior to 1st January 1998, the costs of paying pensions and related benefits for the Dean, Sub Dean and Canon Pastor were met by the Church Commissioners from their current income. The cost of benefits relating to pensionable service up to that date will continue to be financed by the Commissioners. With effect from 1st January 1998 the Pensions Measure 1997 came into force, and a new funded scheme was established called the Church of England Funded Pensions Scheme. This scheme operates as an occupational pension scheme and contributions, at a rate determined having regard to actuarial advice, are paid into a separate fund in the trusteeship of the Church of England Pensions Board. Benefits arising from pensionable service after 31st December 1997 are provided from that fund. The contributions to the fund by the Cathedral are charged to the Consolidated Statement of Financial Activities as incurred.

## 2 Incoming Resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2008	Total Funds 2007
	£	£	£	£	£
<b>(i) Voluntary income</b>					
Congregational collections and giving	197,220	55,769	-	252,989	229,786
Donations and fundraising appeals	201,108	52,365	59,100	312,573	188,975
Tax recoverable under Gift Aid	46,251	3,856	987	51,094	54,258
Income from Friends and local trusts	40,924	30,000	50,000	120,924	108,243
Legacies	-	-	-	-	15,000
	<u>485,503</u>	<u>141,990</u>	<u>110,087</u>	<u>737,580</u>	<u>596,262</u>
<b>(ii) Grants receivable</b>					
Church Commissioners	-	168,659	-	168,659	173,679
Millennium Commission	-	-	-	-	-
Other revenue and capital grants	8,500	745	-	9,245	34,500
	<u>8,500</u>	<u>169,404</u>	<u>-</u>	<u>177,904</u>	<u>208,179</u>
<b>(iii) Charges and fees arising in the course of mission</b>					
Facility and other fees	163,530	9,221	-	172,751	125,913
<b>(iv) Income from activities generating funds</b>					
Gross income of shop, refectory and other activities	763,618	-	-	763,618	666,531
<b>(v) Income from property and investments</b>					
Property	95,509	-	-	95,509	75,840
Investments	6,432	2,164	2,786	11,382	7,077
Interest receivable on short term deposits	4,742	-	-	4,742	2,114
	<u>106,683</u>	<u>2,164</u>	<u>2,786</u>	<u>111,633</u>	<u>85,031</u>
<b>(vi) Other income</b>					
Insurance and other recoveries	-	-	-	-	7,593
Other items	18,739	-	-	18,739	36,638
	<u>18,739</u>	<u>-</u>	<u>-</u>	<u>18,739</u>	<u>44,231</u>
<b>Total</b>	<u>1,546,573</u>	<u>322,779</u>	<u>112,873</u>	<u>1,982,225</u>	<u>1,726,147</u>

### 3 Costs of Generating Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2008 £	Total Funds 2007 £
Costs of facilities for visitors	83,906	9,797	-	93,703	74,754
Gross costs of shop, refectory and other activities	415,953	-	-	415,953	400,108
Costs of appeals and fund raising	972	1,839	-	2,811	8,938
Provision for doubtful debts	-	-	-	-	-
Let property costs	17,932	-	-	17,932	15,515
	<u>518,763</u>	<u>11,636</u>	<u>-</u>	<u>530,399</u>	<u>499,315</u>

### 4 Expenditure on Mission

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2008 £	Total Funds 2007 £
<b>(i) Ministry</b>					
Clergy stipends and working expenses	39,759	115,116	-	154,875	155,953
Clergy housing costs	16,216	-	-	16,216	16,259
Clergy support costs	53,343	6,863	-	60,206	57,441
Services, music and congregational costs	207,031	18,037	-	225,068	197,477
	<u>316,349</u>	<u>140,016</u>	<u>-</u>	<u>456,365</u>	<u>427,131</u>
<b>(ii) Cathedral and precincts upkeep</b>					
Major repairs and restoration	31,312	-	-	31,312	94,588
Vergers and interior upkeep	185,841	29,928	-	215,770	175,996
Cathedral insurance	32,787	-	-	32,787	31,676
Precincts, security and gardens upkeep	25,022	1,451	-	26,473	53,075
Support costs	134,607	17,120	-	151,727	152,436
	<u>409,569</u>	<u>48,499</u>	<u>-</u>	<u>458,069</u>	<u>507,771</u>
<b>(iii) Education and outreach</b>					
Educational activities	24,103	2,984	-	27,088	24,407
Charitable and other giving	23,204	37,844	-	61,048	43,193
	<u>47,307</u>	<u>40,828</u>	<u>-</u>	<u>88,136</u>	<u>67,600</u>
<b>(iv) Community, parish and congregation</b>	<u>24,794</u>	<u>1,633</u>	<u>-</u>	<u>26,427</u>	<u>28,686</u>
<b>(v) Other expenditure</b>					
Interest and similar charges payable	33,981	11,923	-	45,903	39,702
Centenary Events	-	-	-	-	-
Other items	-	20,778	-	20,778	24,041
	<u>33,981</u>	<u>32,701</u>	<u>-</u>	<u>66,681</u>	<u>63,743</u>
<b>(vi) Governance</b>					
Legal Costs/Fees	27,961	-	-	27,961	6,483
Audit Costs	8,711	-	-	8,711	14,253
Others	130	-	-	130	252
	<u>36,802</u>	<u>-</u>	<u>-</u>	<u>36,802</u>	<u>20,987</u>
<b>Total</b>	<u>868,802</u>	<u>263,677</u>	<u>-</u>	<u>1,132,480</u>	<u>1,115,918</u>

## 5 Investment in Subsidiary Undertaking

The Cathedral owns 150,000 £1 ordinary shares representing the entire issued share capital of Southwark Cathedral Enterprises Limited, registered in England. This company deals with all the trading activities of the Cathedral shop and administers the car parking (including the upkeep of the roadway and the adjacent area), the refectory, the visitors exhibition and income from tours, and the use of the Cathedral (except for services) and its facilities. All net profits are transferred to the Cathedral under Gift Aid.

Audited accounts, containing an unqualified audit opinion, are filed with the Registrar of Companies. A summary of the trading result is shown below:

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Turnover	757,935	660,128
Cost of sales	<u>(173,604)</u>	<u>(188,457)</u>
<b>Gross Profit</b>	584,331	471,671
Other income	1,628	1,240
Other Operating Costs	<u>(242,349)</u>	<u>(211,651)</u>
Charges payable to the Cathedral	-	<u>(65,794)</u>
Profit transferred to the Cathedral	<u>(341,190)</u>	<u>(191,672)</u>
<b>Retained profit for the year</b>	2,420	3,794
Accumulated losses brought forward	<u>(43,957)</u>	<u>(47,751)</u>
Accumulated losses carried forward	<u>(41,537)</u>	<u>(43,957)</u>
Share capital	<u>150,000</u>	<u>150,000</u>
Net assets	<u><u>108,463</u></u>	<u><u>106,043</u></u>

## 6 Investments

	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Market value at 1st January 2008	67,064	15,364	82,428
Net decrease on revaluation	<u>(17,129)</u>	<u>(3,923)</u>	<u>(21,052)</u>
Market value at 31st December 2008	<u>49,935</u>	<u>11,441</u>	<u>61,376</u>
CBF Investment Fund shares	<u>49,935</u>	<u>11,441</u>	<u>61,376</u>
	<u><u>49,935</u></u>	<u><u>11,441</u></u>	<u><u>61,376</u></u>

## 7 Non Investment Property

<b>Cost or Valuation</b>	<b>Endowment Funds £</b>	<b>Total Funds £</b>
At 1st January 2008	3,643,093	3,643,093
Additions	-	-
Depreciation	-	-
Net increase on revaluation	-	-
	<hr/>	<hr/>
At 31st December 2008	<u>3,643,093</u>	<u>3,643,093</u>

	<b>Endowment Funds £</b>	<b>Total Funds £</b>
Non investment properties are held and used as follows:		
At 1st January 2008		
for Cathedral office facilities	983,093	983,093
for Cathedral clergy and staff housing	2,660,000	2,660,000
	<hr/>	<hr/>
	<u>3,643,093</u>	<u>3,643,093</u>
<b>At 31st December 2008</b>		
for Cathedral office facilities	983,093	983,093
for Cathedral clergy and staff housing	2,660,000	2,660,000
	<hr/>	<hr/>
	<u>3,643,093</u>	<u>3,643,093</u>

Non investment property comprises:	<b>2008 and 2007 £</b>
Provost's Lodging, 50/51 Bankside, SE1	850,000
52 Bankside, SE1	375,000
Montague Chambers, Montague Close, SE1	983,093
All Hallows' Vicarage, 2 Copperfield Street, SE1	550,000
St. Paul's Vicarage, 54 Kipling Street, SE1	385,000
The Old Chapter House, 9a St. Thomas Street, SE1	70,000
73 St. George's Road, SE1	180,000
7 Temple West Mews, SE11	250,000
	<hr/>
	<u>3,643,093</u>

Except for Montague Chambers (stated at cost in December 1996) and All Hallows' Vicarage (valued on 31st December 1999 at market value by Biscoe Craig Hall, Chartered Surveyors & Architects) the above properties were valued on 31st October 1996 at market value also by Biscoe Craig Hall.

The freehold of the Old Chapter House is subject to a 125 year lease from 5th October 1988. Montague Chambers is subject to a legal charge in favour of the Millennium Commission in connection with grant funding. Certain other properties act as security for loans as described in note 11.

In accordance with an agreement signed and sealed on 29th March 1999, the Cathedral would receive two-thirds of the proceeds of the sale of 73 St. George's Road and 7 Temple West Mews after repaying sums to the Church Commissioners of £87,428 and £36,634 respectively.

In addition to the above the Chapter owns and administers the following freehold properties which are not valued in the financial statements:

The Cathedral and Collegiate Church of St. Saviour & St. Mary Overie, together with the 1988 Chapter House and Millennium Buildings:

These are considered to be inalienable assets and are held for the continuing use and mission of the Cathedral.

All Hallows' former Church and Hall, Copperfield Street, SE1.

## 8 Equipment and Plant

<b>Group</b>	<b>Computer Equipment</b>	<b>Nave Chairs</b>	<b>Other Assets</b>	<b>Total 2008</b>
<b>Cost</b>				
At 1st January 2008	45,169	35,863	91,627	172,659
Additions	-	63,191	-	-
Disposals	-	-	-	-
At 31st December 2008	<u>45,169</u>	<u>99,054</u>	<u>91,627</u>	<u>235,850</u>
<b>Depreciation</b>				
At 1st January 2008	45,169	17,930	91,627	154,726
Charge for the year	-	24,763	-	24,763
Eliminated on disposal	-	-	-	-
At 31st December 2008	<u>45,169</u>	<u>42,693</u>	<u>91,627</u>	<u>179,489</u>
<b>Net Book Value</b>				
At 31st December 2008	<u>-</u>	<u>56,361</u>	<u>-</u>	<u>56,361</u>
At 31st December 2007	<u>-</u>	<u>17,933</u>	<u>-</u>	<u>17,933</u>
<b>Cathedral</b>				
<b>Cost</b>				
At 1st January 2008	28,431	35,863	43,637	107,931
Additions	-	63,191	-	-
Disposals	-	-	-	-
At 31st December 2008	<u>28,431</u>	<u>99,054</u>	<u>43,637</u>	<u>171,122</u>
<b>Depreciation</b>				
At 1st January 2008	28,431	17,930	43,637	89,998
Charge for the year	-	24,763	-	24,763
Eliminated on disposal	-	-	-	-
At 31st December 2008	<u>28,431</u>	<u>42,693</u>	<u>43,637</u>	<u>114,761</u>
<b>Net Book Value</b>				
At 31st December 2008	<u>-</u>	<u>56,361</u>	<u>-</u>	<u>56,361</u>
At 31st December 2007	<u>-</u>	<u>26,898</u>	<u>2,948</u>	<u>29,846</u>

## 9 Debtors

	Group		Cathedral	
	2008 £	2007 £	2008 £	2007 £
Trade debtors and users of facilities	162,713	166,471	83,076	60,110
Amounts owed by group undertaking	-	-	42,344	38,462
Other debtors and prepayments	321,857	319,594	321,857	319,594
	<u>484,570</u>	<u>486,065</u>	<u>447,277</u>	<u>418,166</u>

## 10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2008 £	2007 £	2008 £	2007 £
Provost of Southwark's Fund	70,000	76,000	70,000	76,000
Loans	75,106	61,064	75,106	61,064
Tax and social security costs	2,257	1,899	2,021	1,899
Other creditors and accruals	179,419	167,954	134,123	119,132
	<u>326,782</u>	<u>306,917</u>	<u>281,250</u>	<u>258,095</u>

## 11 Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2008 £	2007 £	2008 £	2007 £
Church Commissioners	9,995	15,489	9,995	15,489
Pre-Construct Archaeology	6,258	20,258	6,258	20,258
South London Church Fund and Southwark Diocesan Board of Finance	422,154	426,913	422,154	426,913
	<u>438,407</u>	<u>462,660</u>	<u>438,407</u>	<u>462,660</u>

These loans are repayable as shown below:

	2008	2007	2008	2007
Within one year	145,142	137,187	145,142	137,187
Between one and two years	258,401	262,788	258,401	262,788
Between two and five years	144,341	149,280	144,341	149,280
In five years or more	28,002	50,469	28,002	50,469
	<u>575,886</u>	<u>599,724</u>	<u>575,886</u>	<u>599,724</u>

The loan from the Church Commissioners to finance the costs of the improvements to the Provost's Lodging undertaken in 1994/95 is repayable over a period of 15 years from 1995 at a variable rate of interest which stood at 6.17% p.a. at 31<sup>st</sup> December 2008. It is secured on 50/51 Bankside (see note 7).

There are four loans from the Southwark Diocesan Board of Finance and South London Church Fund. The first, to finance the refurbishment of All Hallows' Vicarage, is repayable over a period of 15 years from 1999 at a rate of interest of 0.85% over bank base rate and is secured on the Vicarage (see note 7), the second, to help fund the Millennium Project, is unsecured and repayable from 2004 over 10 years at a rate of interest of 0.85% over base rate, the third, to finance the costs of the redevelopment project for the All Hallows

site, was drawn down in 2004 and is repayable either from a loan to finance the entire project if a decision is taken to proceed with construction or from the sale proceeds from the site if no such decision is taken, and interest is also charged at a rate of 0.85% over base rate, and the fourth, to finance computer equipment purchased in 2004 is interest-free and repayable over four years.

## 12 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2007 - £Nil).

In 2008, no employee received remuneration in excess of £60,000.

The average numbers of all paid employees and clergy during the year were:

	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>Full Time</b>	<b>Part Time</b>	<b>Full Time</b>	<b>Part Time</b>
Clergy	3	1	3	1
Administrative staff	5	2	5	2
Music department	2	8	2	8
Vergers etc.	7	1	7	1
Visitors	1	-	1	-
Subsidiary undertaking	4	4	4	4
	<u>22</u>	<u>16</u>	<u>22</u>	<u>16</u>

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Employee costs for the year</b>		
Salaries and stipends	517,610	498,780
Employer's national insurance costs	47,865	46,027
Employer's pension contributions	20,430	19,803
	<u>585,904</u>	<u>564,610</u>

### Emoluments of Chapter members

Dean	30,882	30,015
Sub Dean	25,155	24,450
Canon Residentiary	25,155	24,450
Administrator	54,133	52,556
	<u>135,325</u>	<u>131,471</u>

### Expenses of ex-officio Chapter members

Number receiving expenses	5	4
Services (telephone, electricity etc)	1,491	1,895
Travel	994	1,996
Hospitality	4,387	4,775
Other	2,078	644
	<u>8,950</u>	<u>9,310</u>

### 13 Pensions

The pension scheme recommended to employees is the Cathedral's Church of England Defined Contributions Scheme set up with The Church of England Pensions Board under which the Cathedral contributes up to a matching 5% of the member's basic salary. The total charge included in these accounts including Clergy is £44,899 (2007 - £43,688).

### 14 Auditors' Remuneration

	2008	2007
	£	£
Audit services to the Cathedral and its subsidiary (excluding VAT)	15,000	14,563

### 15 Commitments under Operating Leases

At 31st December 2007 the Chapter was committed to making the following payments under non-cancellable operating leases on office equipment in the year to 31st December 2008:

	2008	2007
	£	£
Expiring within one year	-	-
Expiring between one and two years	-	-
Expiring between two and five years	8,700	8,700
	<u>8,700</u>	<u>8,700</u>

### 16 Capital Commitments

	2008	2007
	£	£
Contracted commitments at the balance sheet date not included in the financial statements	-	-

## 17 Unrestricted Funds

Set out below are figures for the unrestricted General and Property Funds and Southwark Cathedral Enterprises.

	<b>General Fund</b>	<b>Cathedral Enterprises</b>	<b>Property Fund</b>	<b>TOTAL</b>
	£	£	£	£
<b>Incoming Resources</b>				
Voluntary income	384,433	-	101,070	485,503
Grants receivable	8,500	-	-	8,500
Charges and fees arising in course of mission	163,530	-	-	163,530
Income from activities generating funds	4,055	759,563	-	763,618
Income from property and investments	106,683	-	-	106,683
Other income	18,739	-	-	18,739
	<u>685,940</u>	<u>759,563</u>	<u>101,070</u>	<u>1,546,573</u>
<b>Total incoming resources</b>				
<b>Cost of generating funds</b>				
Cost of appeals, fundraising and income generation	(102,810)	(415,953)	-	(518,763)
	<u>583,130</u>	<u>343,610</u>	<u>101,070</u>	<u>1,027,810</u>
<b>Net incoming resources</b>				
<b>Expenditure on mission</b>				
Ministry	316,349	-	-	316,349
Cathedral and precincts upkeep	378,257	-	31,312	409,569
Education and outreach	47,307	-	-	47,307
Community, parish and congregation	24,794	-	-	24,794
Other expenditure	33,981	-	-	33,981
	<u>800,688</u>	<u>-</u>	<u>31,312</u>	<u>832,000</u>
<b>Total Resources Expended on mission</b>				
<b>Governance Costs</b>	36,802	-	-	36,802
<i>Total Expenditure on generating funds, mission and governance</i>	940,300	(415,953)	31,312	555,659
<b>Net Incoming/(Outgoing) Resources before Transfers</b>	(254,360)	343,610	69,758	159,007
<b>Other recognised gains (losses)</b>	-	-	-	-
Transfers between funds	266,966	(341,190)	69,425	(4,799)
	<u>12,606</u>	<u>2,420</u>	<u>139,183</u>	<u>154,209</u>
<b>Net Movement in Funds</b>				
Fund balances at 1st January 2008	(152,758)	(43,957)	(19,425)	(216,140)
<b>Fund Balances at 31st December 2008</b>	<u>(140,152)</u>	<u>(41,537)</u>	<u>119,758</u>	<u>(61,931)</u>

The net surplus on the General Fund of £12,606 is the sum after a transfer of £69,425 to the Property Fund. See note 20 for further explanation of this transfer.

## 18 Restricted Income Funds

	Choir Funds £	Other Restricted Income £	Centenary Chairs Appeal £	Pastoral & Parochial Work Account £	Millennium Project Account £	Total £
<b>Incoming Resources</b>						
Voluntary income	1,714	61,439	39,337	-	39,500	141,990
Grants receivable	-	169,404	-	-	-	169,404
Charges and fees arising in course of mission	8,146	-	-	-	1,075	9,221
Income from activities generating funds	-	-	-	-	-	-
Income from property and investments	2,164	-	-	-	-	2,164
Other income	-	-	-	-	-	-
<b>Total incoming resources</b>	<b>12,024</b>	<b>230,843</b>	<b>39,337</b>	<b>-</b>	<b>40,575</b>	<b>322,779</b>
<b>Cost of generating funds</b>						
Cost of appeals, fundraising and income generation	(1,839)	(9,797)	-	-	-	(11,636)
<b>Net incoming resources</b>	<b>10,185</b>	<b>221,046</b>	<b>39,337</b>	<b>-</b>	<b>40,575</b>	<b>311,143</b>
<b>Expenditure on mission</b>						
Ministry	6,494	133,522	-	-	-	140,016
Cathedral and precincts upkeep	-	21,020	26,729	-	750	48,499
Education and outreach	-	40,828	-	-	-	40,828
Community, parish and congregation	-	1,633	-	-	-	1,633
Other expenditure	57	24,044	-	-	8,600	32,701
<b>Total expenditure on mission</b>	<b>6,551</b>	<b>221,047</b>	<b>26,729</b>	<b>-</b>	<b>9,350</b>	<b>263,677</b>
<b>Governance Costs</b>	-	-	-	-	-	-
<i>Total Expenditure on generating funds, mission and governance</i>	<b>8,390</b>	<b>230,843</b>	<b>26,729</b>	<b>-</b>	<b>9,350</b>	<b>275,312</b>
<b>Net Incoming/(Outgoing) Resources before Transfers</b>	<b>3,634</b>	<b>-</b>	<b>12,608</b>	<b>-</b>	<b>31,225</b>	<b>47,467</b>
<b>Other recognised gains (losses)</b>						
Investments	(17,129)	-	-	-	-	(17,129)
Non investments property	-	-	-	-	-	-
	<b>(17,129)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,129)</b>
Transfers between funds	(1,015)	-	-	-	8,600	7,585
<b>Net Movement in Funds</b>	<b>(14,510)</b>	<b>-</b>	<b>12,608</b>	<b>-</b>	<b>39,825</b>	<b>37,923</b>
Fund balances at 1st January 2008	90,493	-	67,811	22,643	(811,304)	(630,357)
<b>Fund Balances at 31st December 2008</b>	<b>75,983</b>	<b>-</b>	<b>80,419</b>	<b>22,643</b>	<b>(771,479)</b>	<b>(592,434)</b>

Choir funds consist of the Girls Choir Fund (fund balance £9,236 at 31<sup>st</sup> December 2008), the Choristers Fund (fund balance £16,812 at 31<sup>st</sup> December 2008) and the Choir Reserve Fund (fund balance £49,935 at 31<sup>st</sup> December 2008).

## 19 Endowment Funds

	Buildings Fund £	Capital Account £	Property Fund £	Choir Endowment Fund £	Girls choir Capital Fund £	Total £
<b>Incoming Resources</b>						
Voluntary income	-	-	-	110,087	-	110,087
Grants receivable	-	-	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-	-	-
Income from activities generating funds	-	-	-	-	-	-
Income from property and investments	-	-	-	2,498	288	2,786
Other income	-	-	-	-	-	-
<b>Total incoming resources</b>	-	-	-	112,585	288	112,873
<b>Cost of generating funds</b>	-	-	-	-	-	-
<b>Net incoming resources available for mission</b>	-	-	-	112,585	288	112,873
<b>Expenditure on mission</b>						
Ministry	-	-	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-	-	-
Education and outreach	-	-	-	-	-	-
Community, parish and congregation	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-
<b>Total resources expended on mission</b>	-	-	-	-	-	-
<b>Governance costs</b>	-	-	-	-	-	-
<b>Total expenditure on generating funds, mission and governance</b>	-	-	-	-	-	-
<b>Net (Outgoing)/Incoming Resources</b>	-	-	-	112,585	288	112,873
<b>Other recognised gains (losses)</b>						
Investments	-	(3,923)	-	-	-	(3,923)
Non investment property	-	-	-	-	-	-
	-	(3,923)	-	112,585	288	108,950
Gross transfer between funds	-	-	-	(2,498)	(288)	(2,786)
<b>Net movements in funds</b>	-	(3,923)	-	110,087	-	106,164
Funds brought forward	3,643,093	485,855	331,615	63,912	20,108	4,544,583
<b>Total Funds Carried Forward</b>	<b>3,643,093</b>	<b>481,932</b>	<b>331,615</b>	<b>173,999</b>	<b>20,108</b>	<b>4,650,747</b>

## 20 Notes on Funds

### ***Property Fund***

That portion of the Property Fund represented by the proceeds of sale of properties formerly belonging to the Cathedral is part of the endowment and can be used to acquire land and to improve or develop property other than the Cathedral buildings. Endowment monies can only be expended on Cathedral buildings with the consent of the Church Commissioners and subject to agreement between the Commissioners and the Chapter that such monies will be repaid. The endowment element of the Fund is £331,615 (2006 - £331,615). The non-endowment surplus stands at £119,758 at 31<sup>st</sup> December 2008 (compared with a deficit of £19,425 in 2007), following a transfer of £69,425 from the General Account. This amount includes that which was required to be transferred from the General Account surplus to cover the previous deficit on the Property Fund. This sum was due to be repaid within five years.

### ***Millennium Project Account***

The overdrawn balance on this account represents the net expenditure in preparing the application to the Millennium Commission and the costs of the project incurred so far. Efforts are continuing to raise the balance and from 1st January 2002 all unrestricted legacies have been credited to this account.

The Cathedral Millennium Trust was set up under independent trustees in 1998 to handle all matching income relating to the project.

The new Millennium buildings have not been capitalised as they are deemed to be part of the Cathedral building to which no value is attributed in the balance sheet in accordance with the provisions of the guidelines on English Anglican Cathedral Accounts.

### ***Buildings Fund***

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals.

### ***Capital Account***

This account is treated as endowment. It represents amounts donated to further the work of the Cathedral, but specifically not in the areas of property and choir. Income generated is transferred to the General Revenue Account.

### ***Choir Funds***

These funds have endowment and restricted elements as the terms on which money was given varied. The Choir Reserve Fund is restricted, while the Choir Endowment Fund and Girls Choir Capital fund are endowment funds. Income arising each year is used to finance the music of the Cathedral. The Choir Endowment Fund was very fortunate in receiving two significant donations in 2008: a grant of £50,000 from the Vernon Ellis Foundation and a grant of £50,000 from the Friends of Cathedral Music (their largest ever grant of this kind), both for the endowment of lay clerks. A further £5,000 was left in the will of Mrs E Harding together with other donations amounting to £4,100.

### ***Choristers Funds***

There are two funds, the Choristers Fund and the Girls Choir Fund, administered by the directors of the boys and girls choirs, which are used to finance choir tours and other choir activities. Monies raised from donations and concerts and other fund raising events are accumulated in these funds and expended as necessary.

### **Centenary Chairs Appeal**

This restricted fund represents the amounts donated by members of the congregation, local businesses and others towards paying for 1,000 new nave chairs to replace the existing ones which are widely recognised as uncomfortable and difficult to move. So far, 700 new chairs have been purchased and the funds have been received to purchase a further 100. It is hoped to complete the project in 2009 and hold a dedication service to which donors will be invited. In line with our depreciation policy on expenditure on furnishings, the chairs purchased have been capitalised and are being depreciated over four years.

### **General Revenue Account**

This account is the operating account of the Cathedral. It is primarily an unrestricted fund, although certain items of income and expenditure during the year are treated as restricted.

## **21 Analysis of Group Net Assets between Funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fund balances at 31st December 2008 are represented by:</b>				
Tangible fixed assets	56,361	-	3,643,093	3,699,454
Investments	-	49,936	11,441	61,377
Current Assets	642,748	166,182	191,809	1,000,739
Current Liabilities	(303,654)	(5,494)	(17,634)	(326,782)
Long term liabilities	(110,527)	(200,000)	(127,880)	(438,407)
Inter-fund loan	(346,860)	(603,058)	949,918	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<b>(61,932)</b>	<b>(592,434)</b>	<b>4,650,747</b>	<b>3,996,380</b>

The inter-fund loan represents the accumulated balance of endowment fund assets which has been used to support other unrestricted and restricted fund programmes, particularly the Millennium project and other property improvements.

## **22 Connected Charities**

The undernoted entities, for which financial information, subject to audit where appropriate, is set out below, are not controlled by the Chapter but are wholly for the benefit of the Cathedral. In accordance with the guidelines on Cathedral Accounting, only the transactions with these entities are included in the consolidated accounts. The information relates to the entities' accounting years ending in 2008.

	<b>Trustees of the Rectory of St Saviour</b>	<b>Friends of Southwark Cathedral</b>	<b>Millennium Trust</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Gross income	8,926	57,312	1,147
Net income before amounts paid to Cathedral	8,926	36,653	1,097
Amounts paid to Cathedral	8,940	3,016	30,000
Gross assets	133,486	151,657	1,208
Net assets	133,486	151,657	1,083