

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2010

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

CONTENTS

| | |
|---|-----------|
| Annual Report | 5 |
| Legal and Administrative Information | 5 |
| Structure, Governance and Management | 7 |
| The Cathedral's Mission and Review of the Year | 11 |
| Financial Review | 20 |
| Report from the Fabric Advisory Committee | 24 |
| Independent Auditors' Report | 25 |
| Consolidated Statement of Financial Activities | 27 |
| Consolidated Balance Sheet | 28 |
| Notes to the Consolidated Financial Statements | 30 |

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
Web site: 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 Revd Canon Andrew Nunn, Acting Dean
The Revd Canon Bruce Saunders, Canon Residentiary
The Venerable Dr Michael Ipgrave, Canon Missioner and Archdeacon of Southwark
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
The Revd Brian McHenry
Dr Nicola von Fraunhofer

In attendance:

The Revd Anna Macham, Succentor
The Revd Canon Wendy Robins, Honorary Canon and Priest Assistant

Two vacancies occurred during the year. The first followed the resignation of Canon Robert Titley, Canon Treasurer, following his appointment as Team Rector of the Richmond Team Ministry. His successor as Canon Treasurer is expected to be appointed by the new Bishop of Southwark some time in 2011.

The second vacancy arose from the sudden and very unexpected death of the Dean, the Very Revd Colin Slee in November 2010. The Sub Dean, the Revd Canon Andrew Nunn was appointed Acting Dean by the Bishop of Kingston in that same month. This appointment is effective until the arrival of a new Dean.

Statutory office holders

Cathedral Administrator

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – *chairman*

The Revd Canon Andrew Nunn

Mr Matthew Knight

Mr Andrew Cameron

Mr Derek Bartlett

The Revd Stephen Haines

Mr Mike Dyer

Ms Stephanie Mills

Mr Ian Akhurst

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 Luke Hughes

Mr Donald Insall

Miss Gillian Lewis

Mr Guy Rowston

In attendance:

Mr Patrick Stables – *secretary*

The Revd Canon Andrew Nunn – *Acting Dean*

Mr Richard Griffiths – *Cathedral Architect*

Mr Matthew Knight – *Cathedral Administrator*

Mr Kenneth Robbie – *Cathedral Warden*

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

Minerva House

5 Montague Close

London SE1 9BB

Independent Auditors

Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

Architect

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 23rd April 2000 and subsequently amended in April 2009.

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.

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 within 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 in 2010, approximately £129,000 (2009, £125,000) would have been payable. The Diocese made a grant of £8,500 in 2010 (£8,500 in 2009) 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. Meetings are held with the Diocese to review the contribution of the Cathedral to the Diocese and *vice versa*.

The organisational structure of the Cathedral

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

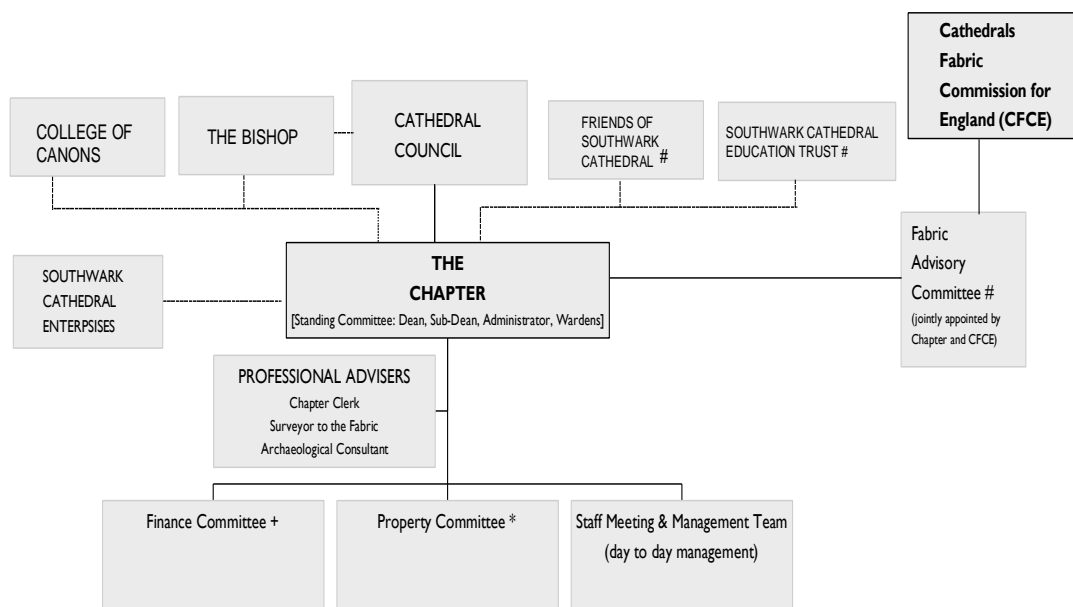
The **Bishop of Southwark** has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan services and events. He is the Visitor and in this role ensures the observance of the Constitution and Statutes.

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 page 9.

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, and the Bishop's Council; chosen from the Chapter; and elected from the Electoral Roll and College of Canons. In addition, four members are appointed by the Bishop, after consultation with the Chapter, who have experience in architectural and conservation matters, finance, education, ecumenism and any other experience and expertise considered beneficial to the Cathedral's work and mission, and two further members from those currently serving in political forums. The Council meets three times a year in March, June and November. The June 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**.

Southwark Cathedral Organisational Chart – Committee Structure



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

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 up to ten 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** also supports the work of the Chapter through management of the estate.

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 in 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 27 and detailed in note 5 to the accounts on page 34.
- *The Southwark Cathedral Millennium Trust*
This organisation, which is a registered charity, was formed to raise funds for the Millennium Project. A summary of the financial performance of the Millennium Trust in 2010 is shown in note 21 to the accounts on page 44.

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 judgments and estimates which 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 by 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 2010

The death of the Dean, the Very Revd Colin Slee, meant that his position on Council was taken by Canon Andrew Nunn, Sub Dean until such time as a new Dean is appointed. The Venerable Dr Michael Iprgrave ceased to be a member of the Council following his appointment as Canon Missioner (and by extension a member of the Cathedral Chapter) as the Cathedral Statutes require that his seat on Council is filled by someone who is not a member of the Chapter. Nominations to both these vacancies are awaited from the Bishop's Council. Dr Priscilla Chadwick and Lord Newby of Rothwell joined the Council in March 2010 having been appointed by the Bishop from among those currently serving in political forums to the reflect the wider interests of London and the church by law established.

Ms Zoë Lappin resigned as a member of the Finance Committee in July 2010. Ms Stephanie Mills was appointed to the committee in her place in November 2010.

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*

Toyin Tukasi – *Cathedral Accountant*

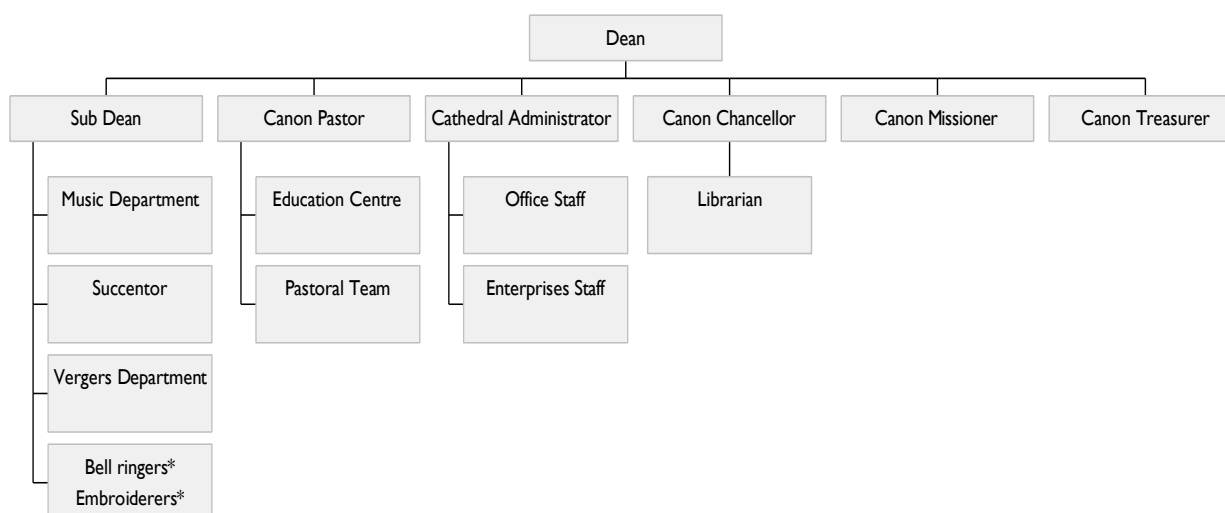
Peter Wright – *Director of Music*

Rose Harding – *Business Development Manager*

David Payne – *Visitors' Officer*

Sarah Smith – *Cathedral Shop Manager*

Staff Organisational Chart



* = Volunteers

There were a number of staff changes in 2010. Ian Pearse resigned as Shop Manager and Sarah Smith took over management of the Shop in March 2010. Sarah had previously been assistant manager and a shop assistant for several years prior to that.

Lee Taylor, Canons' Verger, left in December 2010 to begin training for ordination at Cuddesdon. In January 2011 a new Canons' Verger, Colin Chadwick, was appointed and he took up his position in February.

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

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.

In many ways, 2010 will be remembered as the year when we lost our Dean. The Very Reverend Colin Slee, who had been an inspirational leader and larger-than-life figure in the Cathedral community, the Diocese, and beyond for the last 15 years, died on November 25th 2010 having been diagnosed with pancreatic cancer only a few weeks before. This sudden loss came as a great shock to the congregation, to the Cathedral staff and to many people for whom he represented a distinctive and thoughtful Anglicanism and for whom he fought bravely for justice and inclusivity in the Church of England. Despite the severe winter weather and transport chaos, more than 1,000 people attended his funeral both to celebrate Colin's life and to mark his passing. He is greatly missed.

Until a new Dean is appointed (which we do not anticipate being before 2012), Canon Andrew Nunn has been appointed Acting Dean.

Earlier in 2010, we said farewell to Bishop Tom Butler who retired in March after almost twelve years' ministry in the Diocese. Bishop Tom will be greatly missed both as pastor to the Diocese and a supporter of the work and ministry of this Cathedral Church. A series of farewell services and events took place in February and March to mark his retirement. His successor, as tenth Bishop of Southwark, Christopher Chessun, is currently the Area Bishop of Woolwich and was installed at a special service of Choral Evensong on 6th March 2011.

In June, the Cathedral welcomed the Presiding Bishop of the Episcopal Church of the USA, the Most Reverend Dr. Katharine Jefferts Schori, to preach at the 11.00am Choral Eucharist. Dr. Jefferts Schori is the first woman primate in the Anglican Communion and it was understood to be the first time she had preached and presided in an English cathedral. The service attracted considerable media interest.

At a Choral Evensong in September Matthew Knight, the Cathedral Administrator, was installed as Comptroller. The last person to hold the title of Comptroller, John Trevor Williams, recently retired after more than 20 years in the role. When he retired the Dean and Chapter decided that it was most appropriate for the Cathedral Administrator to hold this office.

Attendance at services continued to grow at all the Sunday services and we had a packed Cathedral for the two Carol Services (more than 1200 people at each) and for many other services and concerts in December. The number on the electoral roll continued to rise year on year with a 5% increase since 2009.

The transformation of the local area continues with the new Shard building rising visibly higher each week. Works to complete the new viaduct over Borough High Street to carry additional railway tracks as part of the Thameslink project are

progressing on schedule and have been well managed by Network Rail to avoid undue disturbance to the normal life and business of the area.

2010 was another challenging year for Cathedral finances. In November 2009 Chapter instigated a Strategic Review with a view to obtaining advice on the ways in which the finances might be improved in the short to medium term. The Review Group was created in January 2010 and undertook a series of consultations with staff and analysis of recent financial performance. A series of recommendations were put before the September Chapter meeting, which suggested ways in which to develop new sources of income, eliminate or significantly reduce indebtedness to the Diocesan Board of Finance, reduce costs, and optimise use of the Cathedral's property estate. Since then, the Chapter and Cathedral staff have been working to put these recommendations into practice.

Over the course of 2010, the financial situation improved and despite a projected budget deficit, it was possible to generate a modest surplus. This is due to many factors but principally the efforts of the Canon Pastor and his team who set up a structure and processes for a renewed volunteer-led Stewardship effort. By encouraging greater numbers of those on the electoral roll to join the Planned Giving Scheme, stewardship income from the Scheme rose by 22% year on year which was a tremendous effort in difficult economic circumstances. The staff also worked extremely hard to control expenditure throughout the year and many contracts with external suppliers were reviewed and cost savings achieved. Although there is a long way to go, there are some reasons for optimism about the medium-term future financial position.

The continued effects of the recession had an impact on the activities of Southwark Cathedral Enterprises Ltd in 2010. Although there were some signs of growth in special events and graduation ceremonies, conference business remained sluggish and many bookings were only achieved through significant discounting. This is further evidence that the Cathedral needs to move away from a heavy dependence on trading to fund new activities, and increase the commitment of the congregation to give generously.

The Chapter is still pursuing its development plans for the derelict site at All Hallows. In early 2010, the final touches were put to a new scheme prepared by a local architect, Roger Molyneux, which combines 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 Chapter submitted these plans, together with plans for a new house for the Canon Pastor on the site of All Hallows Hall, to Southwark Council at the end of May.

Review of progress and future plans

In 2009, the Chapter set out the following priorities for the year ahead:

- *Establish a Strategic Review of the Cathedral's finances and activities with a view to placing the finances on a firmer footing and reducing the level of indebtedness.*

A Review Group was established in January 2010 and reported in September with a list of recommendations which are now being implemented.

- *Put in place the people and processes necessary to ensure that the importance of stewardship and membership of the Planned Giving Scheme is communicated to the congregation and that the income necessary to support the Cathedral's work is forthcoming from voluntary giving.*

As a result of the efforts of a group of Stewardship Volunteers led by the Canon Pastor, 63 new members have joined the Planned Giving Scheme with pledges of £47,240 of additional income across a full year. Overall, income from the Planned Giving Scheme increased by 22% on 2009.

- *Seek funding to replace the Cathedral's old and inefficient boilers to reduce our gas bills and carbon footprint*

Unfortunately, no external funding was forthcoming in 2010 and this project remains a high priority for 2011.

Looking ahead, the Chapter hopes to establish a Property Strategy Group to advise on the best use of the Cathedral's property portfolio and to recommend disposals and purchases that will ensure that the estate generates a healthy investment income as well as providing good quality accommodation for staff.

The Chapter continues to seek funding for the rolling programme of repairs to the nave, choir and north transept roofs.

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.

We were pleased to be able to close the appeal for new nave chairs launched in 2005 having raised sufficient funds to pay for 1,000 chairs, many of which bear plaques of dedication from donors.

In 2011, the Chapter has received a grant of £80,000 from the Wolfson Foundation (as part of the 2009/2010 joint English Heritage/Wolfson Foundation grants to cathedrals scheme in the last year of its operation) towards the cost of repairs to the Retrochoir roof. The remaining £100,000 cost has been donated by a number of local businesses who wished to remain anonymous but without whose generosity the repair work could not have been completed.

Cathedral worship and congregational life

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. These attendance levels have remained largely unchanged when compared to 2009.

| Sunday Services | | Average attendance |
|--------------------------|---|---------------------------|
| 8.45am | Morning Prayer | 4 |
| 9.00am | Eucharist | 45 |
| 11.00am | Choral Eucharist | 400 |
| 3.00pm | Choral Evensong | 140 |
| 6.30pm | '6.30 at Southwark' * | 50 |
| Weekday Services | | |
| 8.00am | Morning Prayer | 10 |
| 8.15am | Eucharist | 10 |
| 12.30pm | Midday Prayer | 5 |
| 12.45pm | Eucharist | 15 |
| 5.30pm | Choral Evensong (<i>or Evening Prayer when the choir is on holiday</i>) | 55 |
| 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, there is a service organised by the young people at the Cathedral through Youth Express. These "6.30 at Southwark" services continue to attract four distinct and stable congregations.

In addition there are many special services held in the Cathedral including six memorial services, five Diocesan services, 18 carol services and concerts and 20 services for schools and universities.

Music

It is good to report that recruitment to both boys' and girls' choirs has remained consistent over the past year, with the full total of boys (including probationers) standing at 24 and that of the girls at 29. In addition there are 6 lay clerks and 5 Choral Scholars.

In December the boys and men performed their annual Christmas Concert to a capacity audience. The programme comprised Handel's *Messiah* (Part I), accompanied by the Chameleon Arts Orchestra, with carols for choir and audience in the second half. Similarly the girls' and men's annual Concert on Good Friday included Fauré's *Requiem*, with the same orchestra, and Passiontide music. This too enjoyed a large audience.

At the beginning of June the boys and men went on tour to Bergen, Norway, where we have an ecumenical link with the Lutheran Cathedral. The Choir sang a concert and took part in the Sunday morning service (including the *Missa Brevis* of Kodály).

In July the Girls' Choir, under its founding Director, Stephen Disley, celebrated its 10th anniversary with a special Evensong attended by many former choristers and organ scholars. The programme included *Dyson* in C minor, which was sung at the inaugural service in 2000, and *Blest pair of sirens* (Parry) with the lay clerks. It was a fitting way to celebrate this wonderful contribution which we now enjoy as part of the musical life of Southwark.

At Michaelmas the boys and men broadcast Choral Evensong on BBC Radio 3, singing the *St Paul's Service* (Howells) and a magnificent anthem, *War in heaven*, written for the feast day in 1981 by Neil Cox (Director of Chapel Music at Lancing College).

The Merbecke Choir (for young singers, including former choristers, under 25) under their Director, Huw Morgan, continues to flourish and their performances are of a very high quality. In December their concert included Bach's *Magnificat*, with the Little Baroque Company. All the solos were ably sung by members of the Choir, an impressive feat in itself. In addition the Merbecke Choir continues to sing regularly on the fourth Sunday of each month for Compline and Eucharistic Devotions.

The Old Choristers' Association continues to flourish and on Sunday, 12th September met for the annual lunch and reunion. There were fewer members attending this year as many had come to the Cathedral the previous week (8th September) to attend the funeral of former Cathedral Organist, E H Warrell (1968-1976) who died in August at the age of 95. That there was a packed nave for this service demonstrated admirably the affection and esteem in which he was held.

Just over two months later all at Southwark were deeply shocked by the death of the Dean who was such a wonderful supporter of the music, believing passionately in its importance liturgically. The Great Choir and the Merbecke Choir participated in the deeply moving funeral service in December.

In August we said farewell to our Organ Scholar, Tom Little, who is now Assistant Organist at Croydon Parish Church, and welcomed in his place Jonathan Hope who is studying at the Royal College of Music. Former chorister Freddie James has now started as Organ Scholar at St John's College, Cambridge following a highly successful gap year studying with Jacques van Oortmerssen at the Sweelinck Conservatoire in Amsterdam, aided by a Bursary from the Nicholas Danby Trust. An exact contemporary of Freddie's, Richard Cook, has just finished a year as Organ Scholar of Salisbury Cathedral and is now studying at the Birmingham Conservatoire.

During the year Jessica Ryan-Ndegdwa, Julia Titley and Amy Welch left the Girls' Choir and Omari Lyseight the Boys' Choir. All were admitted as members of the Old Choristers' Association.

The cost of the music in 2010 was £153,514 (£148,723 in 2009). 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. Donations received in previous years have enabled the endowment of three lay clerks. 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. No donations were received in 2010 but efforts continue to build up the Choir Endowment Fund.

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. The electoral roll is expected to be 673 by the time of the Annual Parochial Meeting in April 2011 compared with 641 in 2010, which represents an increase of 5% in the year.

Volunteers

Many members are involved in the voluntary committees of the Chapter which 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 them.

The table below 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 455.

Voluntary involvement in Cathedral life

| Organisation | 2010 | 2009 |
|---------------------------------------|-------------|-------------|
| Bell ringers | 32 | 32 |
| Broderers | 4 | 5 |
| Cathedral chaplains | 14 | 13 |
| Choirs – Merbecke & Thursday Singers | 67 | 76 |
| Committee members | 105 | 129 |
| Day chaplains | 39 | 37 |
| Education Centre volunteers | 15 | 16 |
| Electoral Roll Officer | 2 | 2 |
| Eucharistic ministers | 15 | 15 |
| Fairtrade Stall | 8 | 8 |
| Flower arrangers | 48 | 49 |
| Guides | 21 | 20 |
| Honorary vergers | 4 | 4 |
| Intercessors and readers | 56 | 48 |
| Office volunteers | 17 | 16 |
| <i>Over the Bridge</i> Editorial team | 4 | 4 |
| Servers | 37 | 37 |
| Shop volunteers | 14 | 10 |
| Stewards | 66 | 65 |
| Stewardship volunteers and Recorder | 12 | 1 |
| Sunday coffee | 23 | 24 |
| Sunday School | 25 | 25 |
| Wardens | 2 | 2 |
| Welcomers | 37 | 42 |

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 Borough Market, Guy's Hospital, Shakespeare's Globe, many of the new commercial developments along Southwark Street, a host of food outlets, and five 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 is a partner in the Better Bankside Business Improvement District. The Cathedral hosts an annual service for local businesses at which the Cathedral Christmas Tree is lit and this year provided a series of monthly meditations ('The Inner City') for local workers as part of Better Bankside's Wellbeing@work programme.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) with the Canon Pastor and several members of the congregation serving as Governors. Marion Marples, the Cathedral Pastoral Auxiliary, has continued to build important bridges between local organizations for the benefit of local people. The Cathedral congregation again provided a large team of volunteers through the winter for the ROBES ecumenical project which provides shelter for homeless people.

The Cathedral Education Centre welcomes 8,000 children a year mainly from schools in inner London. Our Education Officer and a team of sixteen trained volunteers offer the Cathedral as a vital educational resource in support of a wide range of curriculum areas.

In addition to the extensive work we also do with children and young people from our own congregations, there are opportunities for adults to continue learning and growing: a monthly Bible study; regular courses on a variety of aspects of faith and Christian practice; and twenty 'Interest & Action Groups' offering opportunities for involvement in a further range of practical projects – from book groups to Zimbabwe.

The Cathedral also offers 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.

The Cathedral is pleased to welcome a weekly Al Anon Group in support of people whose lives have been affected by someone else's drinking.

The Cathedral's link with the Diocese of Masvingo in Zimbabwe, (as part of the Diocese of Southwark's partnership links with four Zimbabwean dioceses) has continued to strengthen through the exchange of prayer and information and the provision of financial help. The Masvingo Fund benefited greatly from the donations at the time of the Dean's funeral, made at his own request.

The St Andrew's Chapel in the Cathedral continues to be a focus of prayer for people living with HIV/AIDS.

Since 2003, the Conventional District of St Hugh's Bermondsey has also come under the pastoral supervision of the Cathedral. The Canon Pastor is Minister-in-Charge, assisted by the Revd Kes Grant and the Revd Linda Scott-Garnett. Proposals have been developed during the year for the building which houses St Hugh's (formerly owned by Charterhouse-in-Southwark) to be demolished prior to redevelopment as social and private housing with a new church on the ground floor.

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 2010 the sum given was £22,575 (£18,517 in 2009).

Southwark Council

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

Hospitals and universities

Links with Universities and Hospitals continue to be an important part of the Cathedral's mission. The Succentor, the Revd Anna Macham, is Chaplain to the Guy's Campus of King's College, London and strong links have been built up between the Cathedral and the medical schools. The annual GKT Music Society December concert is a regular feature of the Christmas calendar.

Regent's College, London South Bank University, King's College, London, Kaplan Law School, the London School of Commerce and the Royal College of Organists all held graduation ceremonies at the Cathedral in 2010. We are delighted that all of these educational establishments choose to be with us to celebrate a very special day for those graduating.

London Bridge Hospital continues to hold its Memorial Service at the Cathedral in April to remember those who died in the hospital during the year. The Palliative Care Service took place in October.

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.

Other events in the Cathedral

The principal role of the Cathedral Church is to be a place of Christian 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.

Following on from the Millennium Year regeneration on Bankside, the second phase of regeneration is well underway with the building of The Shard. The Shard has a completion date of May 2012 and together with the improvements arising out of the Thameslink project being carried out by Network Rail which will greatly improve local rail connections, Southwark Cathedral finds itself once more at the heart of a burgeoning business and local community.

Southwark Cathedral continues to hold organ recitals on Mondays, music recitals on Tuesdays and links with the arts world include participating in The London Festival of Architecture 2010 which included the siting of a large white bell, known as The River Bell, commissioned by the Estonian Embassy, in the Millennium Courtyard. The architect, Rafael Vinoly, travelled to the Cathedral from his base in New York to deliver a lecture on his plans for Battersea Power Station, again under the auspices of the London Festival of Architecture.

Southwark Cathedral was a designated location for The Big Draw October 2010 and this 'festival to celebrate drawing' saw a great number of artists of all ages right across the artistic spectrum enjoying the opportunity to draw inside the Cathedral space and the surrounding area. A smaller Festival – The Groovy Pipes Festival of Denmark sponsored by The Danish Cultural Institute brought two fine organists to play at the Cathedral, Jacob Lorentzen from Denmark and Hayo Boerema from The Netherlands. The Thames Festival is a flourishing and well-established calendar date and there is strong evidence to suggest increased visitor numbers both in the Cathedral and the Refectory on this weekend.

The Cathedral continues to host a number of Memorial Services. In 2010, we remembered distinguished sportsmen, namely Sir Alec Bedser from the world of cricket and Andy Ripley, an England Rugby International. There were memorial services for E. H. Warrell, a former Cathedral Organist, and for Andrew Beazley, co-founder of the Beazley Group and a former member of the Lloyds Market Board.

Special Services at the Cathedral included an Evensong in July to mark the 10th anniversary of the Girls' Choir and an Evensong to mark an anti-violence initiative by the police in Southwark. The BBC returned to record a live broadcast of Choral Evensong on Radio 3.

A number of special services have been held at the Cathedral this year, namely, a Service to remember those who died and suffered in the Rwandan genocide, the Guy's Nurses League Farewell Service and a service to celebrate the 21st anniversary of the founding of the charity B-EAT, a charity dedicated to work with young people who suffer with eating disorders. We continue to host school services for St Dunstan's College, Bacon's College, St Saviour's and St Olave's, St Olave's

Northbrook and the Cathedral School, as well as a service to celebrate the 150th anniversary of Dulwich College Preparatory School.

The Southwark Mysteries returned to the Cathedral ten years after their first performance here. We also hosted a number one-off events including Tony Benn speaking to the Justice and Development Group, the Friends of Southwark Cathedral Quiz Night, and the Royal Society of Church Music Showcase Open Evening. Tim Butcher returned to the Cathedral to deliver a lecture on his second book *Chasing the Devil*, entitled *The Search for Africa's Fighting Spirit*.

Two exhibitions held in the Cathedral during 2010 were opened by the Archbishop of Canterbury, namely, the Tur Abdin exhibition of photographs taken in Syria and also the exhibition to mark one year since the launch of the Archbishops' Appeal for Zimbabwe, in partnership with USPG – Anglicans in World Mission.

The Cathedral hosted a total of 66 weekly organ and music recitals on Mondays and Tuesdays, two school concerts, nine degree ceremonies, 30 choral concerts and amateur music events, and four lectures and Diocesan study days. Many of the informal concerts were given by visiting choirs from abroad including France, the Netherlands, Australia, South Africa, Russia, Norway, Belgium and Finland. The Cathedral was also used for filming on five separate occasions and played host to a number of art exhibitions.

Major works to the fabric

The total value of major works to the Cathedral in 2010 amounted to £171,306 (£283,916 in 2009). The major item of work consisted of replacing the copper roof of the retrochoir.

The Cathedral Architect completed a Quinquennial Inspection report on the Cathedral's fabric in the autumn of 2009 and this highlights necessary works to be completed within one, two and five years, most of which will be the subject of fundraising appeals. The most urgent work is the replacement of the boilers and heating system for the Cathedral.

A significant element of the Cathedral's expenditure in 2010 was the maintenance of the Cathedral Church and its precincts. The staff of four vergers and a facilities supervisor plus staff supplied by an external cleaning company 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 £427,597 plus £171,306 expenditure on major works (= total of £598,903), a decrease on the cost in 2009 of £392,060 plus £283,916 expenditure on major works (= total of £675,976).

The Friends of Southwark Cathedral

During this financial year membership of The Friends has remained constant at approximately 500 Friends, many of whom are joint members. This consistency of membership is unusual for many Friends' organisations, the majority of which are seeing a significant fall in membership during these difficult economic times where many people have more pressing demands on their financial resources.

The social programme has continued to bring Friends together throughout the year. There is a regular programme of annual events: the Annual General Meeting, a visit to a performance at Shakespeare's Globe, Advent Tea, Christmas Market and Annual Dinner. This is supplemented with a selection of other events including guided walks around London and talks with lunch at the Cathedral. This year the Friends did not hold their dinner at the Cathedral but instead, in June, held a smaller dinner at the House of Lords at the invitation of Baroness Perry which was a most enjoyable occasion. In September 2010 The Friends held their first Quiz Night in the Nave. This was a success and another similar event will be held in early October 2011.

The Christmas Market grows steadily each year. There has been a significant increase in numbers attending each year and it has been increasingly financially successful for The Friends and also for the other charities supporting the event.

In October 2010 The Friends' Secretary attended the Bi-Annual Conference for The Friends Secretaries of Cathedrals and Greater Churches. This year the event was hosted by Blackburn Cathedral. It was a busy weekend with many aspects of development of Friends Associations discussed, including Legacy Marketing.

During the year The Friends has continued to support the Cathedral in a variety of ways: the usual cream tea at the end of

academic year for the choir, and Christmas decorations in the Link and marquee. In addition the cost of the installation of pencil microphones to the Choir was met by The Friends. The Trustees, who meet four times each year to oversee the management of The Friends, are undertaking a major review of their investments and how their monies might be made to work a little harder therefore bringing a better return for the Friends and therefore the Cathedral.

The Friends make specific grants to the Cathedral for fabric and other projects following discussion between representatives from the Chapter and the Friends Trustees and these grants are greatly appreciated as they often enable works to be carried out that could not be financed from normal income and activities.

Diocesan and extra-Cathedral activities of the Dean and Canons

Canon Andrew Nunn (Acting 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 the Vice-Chair of the governing body of St Saviour's and St Olave's School for Girls in Southwark. He is also Chaplain to the Worshipful Company of Launderers and the Whitsters' Club.

Canon Nunn contributes to the local church by teaching and speaking at a number of courses and events. In addition he is a Bishop's Adviser 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 formerly 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, a Governor of the Newcomen Collett Foundation, a member of the Bankside Residents' Forum Management Committee, and a trustee of Crisis, the charity for homeless people.

Canon Michael Ipgrave (Canon Missioner)

Canon Ipgrave is Archdeacon of Southwark, and also principal officer of the Diocesan Working Group for Mission. As archdeacon, he has pastoral and administrative responsibilities of oversight for parishes in one of the two archdeaconries of the Woolwich Episcopal Area, and is involved in regular visitation and inspection of churches, ministerial reviews of clergy, vacancy processes and appointments, and disciplinary and capability procedures. He is the senior staff member with lead responsibility for inter faith and ecumenical issues, and for mission issues in general. He chairs the Diocesan Sites and Redundant Churches Committee, the Diocesan Mission and Pastoral Committee, and the Southwark and London Diocesan Housing Association, as well as sitting on a large number of diocesan committees and groups. He has had a particular involvement in initiating and overseeing the 'Signs of Growth' research project into church growth in the Diocese of Southwark.

In the wider church, Canon Ipgrave is involved on the church's behalf in a number of national and international inter-faith initiatives, including the Anglican Communion Network for Inter-Faith Concerns, the Archbishop of Canterbury's Anglican-Jewish Commission for Dialogue with the Chief Rabbinate of Israel, and the National Presence & Engagement Task Group. He is a member of the advisory board of the Journal of Religion and Human Rights, and has written and lectured extensively on issues relating to religious pluralism. He is currently engaged in a writing project on Christian Zionism on behalf of the Anglican Consultative Council.

Canon Dr Jane Steen (Canon Chancellor)

Canon Steen is the Director of Ministerial Education for the Diocese. In this capacity she runs a post-graduate programme in Ministerial Theology in conjunction with Canterbury Christ Church University for curates in the Diocese, and is currently responsible for implementing the House of Bishops' policy for the assessment of curates under Common Tenure. She holds responsibility for the provision of continuing professional development for all ordained, licensed and commissioned ministers in the Diocese. Canon Steen is a member of the Bishop's Staff Meeting. Canon Steen's research interest is in Samuel Johnson.

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 the General Fund and Millennium Project Fund 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. The Strategic Review of Cathedral activity that was carried out in during the year has put forward a strategy for reducing the level of the Chapter's indebtedness which is in the process of being implemented. When completed, this should free up resources to enable Chapter to undertake new areas of work and ministry.

In 2010, there was a net increase in funds of £578,439 compared with a decrease of £98,038 in 2009 (see the Statement of Financial Activities on page 27). This very positive result, however, needs some explaining. Much of the surplus is due to accounting decisions made concerning the All Hallows development project. The Finance Committee recommended to Chapter that all expenditure for the project relating to the period 2002 to 2006 (£274,627) which had been held as prepaid expenditure and carried forward within debtors should be written off. Originally, the aim had been to carry forward this expenditure pending securing planning permission for development. However, in view of the difficulties the project has encountered and the length of time it has taken, the Committee felt that this situation was no longer justified in accounting terms.

Previously, no value had been attributed to the property at All Hallows, comprising the church, former Mission Hall and adjacent All Hallows Cottage within Fixed Assets. However, it has now been decided to bring the current value of the Mission Hall and Cottage into the accounts at their estimated market value of £550,000. This amount (minus the written off expenditure on the project) is shown as an unrealised gain in investment within unrestricted funds in the Statement of Financial Activities. The full valuation of the property is listed in note 6 under unrestricted investments.

A revaluation was also carried out on the Old Chapter House. The Chapter took the decision to sell the freehold of this property in September 2010 following the recommendation of the Strategic Review report. (A lease on the property had been sold in 1988 and a small income from an annual ground rent had been received since). The sale was completed in March 2011 and is therefore not reflected in the 2010 accounts. Previously, the Old Chapter House has been valued at £70,000 within the Buildings Fund (see Note 7 in the accounts). Within these accounts the valuation is £205,000, being the estimated sale proceeds minus costs.

Excluding the impact of the exceptional items described above, the underlying surplus on normal activities is £160,592 compared to a deficit in 2009 of £103,766. However, this surplus includes a legacy of £40,000, an £80,000 English Heritage/Wolfson Foundation grant for roof repairs, and the writing off of the loan from the Provost's Fund of £66,500 in respect of the Millennium Project. If these one-off items are excluded, this surplus becomes a deficit of £25,908. Despite this, it was fortunately not necessary to increase borrowing from the Diocesan Board of Finance to meet everyday cash needs as had been the case on two occasions in 2009 due in part to an increase in stewardship giving from the congregation and very careful financial management by all Cathedral budget holders. Nevertheless, £85,847 was still spent on debt servicing (repayments and interest) during the year. The proceeds from the sale of the Old Chapter House freehold will be used to repay certain loans to the Diocesan Board of Finance, and there are grounds for some optimism that the burden of debt and level of payments to service it will start to reduce.

Reserves policy

The Chapter has a policy of building up general fund reserves once the deficits on unrestricted and restricted 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 2010 figures, a reserve fund equal to six months unrestricted income would need to be almost £700,000. In the current financial climate, it is extremely 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. The recommendations from the Strategic Review have helped the Chapter to formulate a plan to move towards building up a reserve fund.

Summary of results

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £225,748 in 2010 compared with £185,170 in 2009 which is an increase of 22% year on year, a very good result in difficult economic conditions. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £66,361 across all forms of giving in 2010 (£60,651 in 2009). In addition to planned giving, collections taken at services for retention by the Cathedral amounted to £72,811, a decrease from £76,266 in 2009 (figures include gift aid) but largely explained by the fact that many regular givers moved into the planned giving scheme instead of using yellow envelopes. A grant of £51,371 was received from the Church Commissioners in 2010 (£53,226 in 2009) as a contribution to the costs of funding the salaries of Cathedral staff: vergers £119,900 (£123,221 in 2009), administration staff £189,178 (£187,401 in 2009), organists £64,063 (£64,619 in 2009), 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 £115,212 (£113,764 in 2009). Income from charges and fees increased in 2010 to £167,156 compared with £156,063 in 2009. 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.

Deficit funds

At 31st December 2010, there were deficits on the following funds:

The General Account

The deficit on this fund (£8,864 compared with £124,908 in 2009) 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 investment was needed in people and other resources. The Chapter has resolved that surpluses on the General Account be retained to offset the accumulated deficit. This reduction in the deficit is an encouraging sign, although the situation remains challenging at a cash-flow level. In 2010, £561 was retained in the General Account (£1,965 in 2009) representing the surplus retained in Southwark Cathedral Enterprises Ltd.

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 2010, the Provost of Southwark's Fund converted the outstanding loan to the Cathedral into a grant meaning that a total of £66,500 could be offset against expenditure of £3,626. The fund deficit has now been reduced from £768,415 at the end of 2009 to £701,915 at 31st December 2010.

£74,582 of loans was directly attributable to the Project at 31st December 2010 (£170,769 at 31st December 2009); 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 modest return on investments (excluding property) in 2010 of £11,609 (compared to £11,426 in 2009) which continues the trend of slow improvement following the global recession.

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 2009. Routine maintenance is deemed to be the responsibility of the Vergers 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 2011 and all works in subsequent years have not been identified.

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------|------------|------------|------------|------------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Routine maintenance | 66 | 68 | 69 | 70 | 71 |
| Crossing platform | 0 | 0 | 0 | 0 | 240 |
| Replacement of boilers | 0 | 120 | 0 | 0 | 0 |
| Health & Safety | 10 | 60 | 90 | 90 | 30 |
| Roof repairs | 10 | 120 | 200 | 400 | 180 |
| Masonry and window repairs | 30 | 110 | 225 | 225 | 300 |
| Internal repairs | 25 | 25 | 36 | 37 | 128 |
| Lighting and electrical work | 31 | 72 | 13 | 13 | 13 |
| Precinct repairs | 30 | 46 | 20 | 11 | 15 |
| Total | 202 | 621 | 653 | 846 | 977 |

Southwark Cathedral Enterprises Limited

2010 was another difficult year for Southwark Cathedral Enterprises and the continued effects of the recession were felt throughout the business. Turnover decreased from £546,323 in 2009 to £524,527 which represents a drop of 4% year on year. However, net profit increased from £167,160 in 2009 to £200,843 of which £200,282 was transferred to the Cathedral. This is an encouraging sign and due to careful management of costs and overheads but the overall profit is still 40% lower than that achieved in 2008.

The conference and event business was hit especially hard in 2009 and recovered only slightly in 2010. Conference bookings were down and, although a number of new clients used the facilities this year, this was often only a result of aggressive discounting in order to compete with other local venues. The reduction in spending available to our regular clients from the NHS and local government is a continued cause for concern and highlights the importance of developing new business in the private sector.

Special event income held up well during the year, as did the number of Carol Concerts in December and we were very successful in attracting a number of new graduation ceremonies.

Shop sales held up quite well in a very difficult trading environment but declined by 5% on the previous year to £142,730 (£149,380 in 2009). The new Shop Manager, Sarah Smith, and her dedicated team of paid staff and volunteers worked hard to improve the layout of the shop and the range of stock available and there is increasing evidence of a loyal and regular customer base. Before exceptional items (including a minor shop refit), the shop generated a small profit and the Board is hopeful that there will be better results to come in 2011 and beyond.

The catering contract with Elior UK is now half way into its second year and the partnership is working extremely well. Elior UK have put in place a very good management team who have consistently delivered a high standard of catering with calm efficiency and professionalism especially during one of our busiest Decembers. The refurbishment of the Refectory and Courtyard was undertaken in the summer and has improved the visibility outside of the catering operation to passers-by as well as improving the flow of customers and speed of service at the till point inside.

Behind the headline figure of £75,598 which Elior UK delivered to the company in the form of concession rent, it should be borne in mind that the Refectory is a business with a turnover of £500,000 in 2010 providing employment for eight 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 number of tourists and the amount of income generated by tours increased by 12% in 2010 compared to 2009. This is in part due to the weakness of the Pound to the Euro which has led to an increase in European visitors to London. Although a small area of SCE activities, David Payne, Visitors' Officer, continues to work extremely hard building relationships with in-bound and UK-based tour operators to bring more group business to the Cathedral. The amount of "secondary spend" in the Refectory and Shop by those visiting the Cathedral is hard to quantify but undeniably forms a significant part of the income of these two business streams, a fact of which David is very aware and keen to exploit wherever possible.

Most of the limited car parking available in Montague Close is let on contract to our neighbours, Ansbacher, the owners of Hibernia Chambers, and Glaziers Hall with two spaces now let to Zipcar, the car-sharing company.

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 might 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.

Andrew Nunn

Acting Dean

Report from the Fabric Advisory Committee

During 2010 the Committee met four times under the chairmanship of the Revd Charles Pickstone. There was no change to its membership, but all were delighted to congratulate one of the members, Sir Donald Insall, on the knighthood he received in the Queen's Birthday honours.

The Cathedral Chapter made four formal applications to the Committee, all of which were accepted. One of them was to re-roof the retrochoir, and a second was to make substantial repairs to the stonework and pointing of the choir aisles, of some of the buttresses, and of the retrochoir elevations. The other two were to inter ashes in the retrochoir and install inscribed stones above them. The application for the ashes of the late Professor Olivia Harris was approved in June, but while the stone was being prepared everyone was shocked by the sudden illness and death of Colin Slee, who was Olivia's brother-in-law. Happily, the application to inter his ashes was made just in time for both stones to be laid next to each other during a service on 20th December.

The Chapter also applied to the Cathedrals Fabric Commission for permission to undertake the major work of excavating the vault beneath the ground where Lancelot Andrewes' chapel once stood in the east churchyard, with a view to interring within it the many human remains unearthed by the Thameslink viaduct project and other recent building work nearby. That application was approved also, but when work began it was found that others had had such ideas before since the vault was already full. Proposals are now being considered to inter the remains instead in a plot reserved for the Chapter in Brookwood Cemetery in Surrey.

At the start of the year Richard Griffiths presented the latest of the reports he makes every five years, recommending the repairs, replacements and maintenance to which the Chapter should give priority in the near future. Recommending as it does that works including the complete renewal of the church's heating boilers and estimated to cost nearly £120,000 should be done within the next eighteen months, and that further works estimated at over £1,000,000 should be done within the next five years, this provided serious reading for both Committee and Chapter. The Committee was also actively involved in the generous offer by The Glaziers' Company to give a stained glass window to the Cathedral to mark the Diamond Jubilee of Her Majesty the Queen in 2012. At the start of its December meeting, the Committee stood in silence in memory of Colin Slee, whose proposals and counsel had contributed so much to it over the past sixteen years.

Patrick Stables

Secretary

Southwark Cathedral

Independent Auditors' Report to the Members of Chapter

We have audited the financial statements of Southwark Cathedral for the year ended 31st December 2010 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Cathedral's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chapter; and the overall presentation of the financial statements.

Opinion

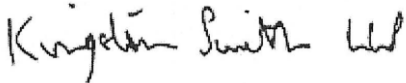
In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Cathedral as at 31st December 2010 and of the incoming resources, including its income and for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Cathedral Measures 1999 requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respects with the financial statements; or
- the Cathedral has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Kingston Smith LLP
Statutory Auditors

Devonshire house
60 Goswell Road
London
EC1M 7AD

Eligible to act as an auditor in terms of section 1212
of the Companies Act 2006

Date: 23rd March 2011

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31st December 2010

| | Unrestricted Note | Restricted Funds | Endowment Funds | Total Funds 2010 | Total Funds 2009 |
|--|----------------------|---------------------|--------------------|---------------------|---------------------|
| | £ | £ | £ | £ | £ |
| Incoming Resources | 2 | | | | |
| (i) Voluntary income | 525,805 | 243,702 | - | 769,507 | 565,772 |
| (ii) Grants receivable | 8,500 | 246,583 | - | 255,083 | 309,990 |
| (iii) Charges and fees arising in course of mission | 156,588 | 10,568 | - | 167,156 | 156,063 |
| (iv) Income from activities generating funds | 529,825 | - | - | 529,825 | 551,768 |
| (v) Income from property and investments | 100,400 | 2,599 | 937 | 103,936 | 93,264 |
| (vi) Other income | 36,997 | - | - | 36,997 | 45,429 |
| Total Incoming Resources | 1,358,115 | 503,452 | 937 | 1,862,504 | 1,722,286 |
| Costs of generating funds | 3 | (419,444) | (24,949) | - | (444,393) |
| Net Incoming Resources available for Mission | 938,671 | 478,503 | 937 | 1,418,111 | 1,234,253 |
| Expenditure on mission | 4 | | | | |
| (i) Ministry | 333,178 | 136,778 | - | 469,956 | 464,167 |
| (ii) Cathedral and precincts upkeep | 380,078 | 218,825 | - | 598,903 | 675,976 |
| (iii) Education and outreach | 54,262 | 36,078 | - | 90,340 | 93,695 |
| (iv) Community, parish and congregation | 26,154 | 1,489 | - | 27,643 | 29,021 |
| (vi) Other expenditure | 11,422 | 42,374 | - | 53,796 | 50,278 |
| Total resources expended on mission | 805,094 | 435,544 | - | 1,240,638 | 1,313,137 |
| Governance costs | 16,881 | - | - | 16,881 | 24,882 |
| Total expenditure on generating funds, mission and governance | 1,241,419 | 460,493 | - | 1,701,912 | 1,826,052 |
| Net Incoming/(Outgoing) Resources | 116,696 | 42,959 | 937 | 160,592 | (103,766) |
| Other gains & unrealised investment gains | 6 | | | | |
| Unrealised gain on revaluation of property for sale | - | - | 135,000 | 135,000 | - |
| Unrealised investments gains | 275,373 | 6,081 | 1,393 | 282,847 | 5,728 |
| | 275,373 | 6,081 | 136,393 | 417,847 | 5,728 |
| Gross transfer between funds | (90) | 1,027 | (937) | - | - |
| Net movements in funds | 391,979 | 50,067 | 136,393 | 578,439 | (98,038) |
| Funds brought forward | (164,481) | (588,990) | 4,651,815 | 3,898,344 | 3,996,382 |
| Total Funds Carried Forward | 227,498 | (538,923) | 4,788,208 | 4,476,783 | 3,898,344 |

Southwark Cathedral

Consolidated Balance Sheet as at 31st December 2010

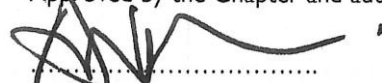
| | | Group | | | | |
|--|-------|----------------|------------------|------------------|---------------------|---------------------|
| | Note | Unrestricted | Restricted | Endowment | Total Funds 2010 | Total Funds 2009 |
| | | | | | £ | £ |
| Fixed Assets | | | | | | |
| Investment assets | 6 | 550,000 | 61,170 | 13,408 | 624,578 | 67,106 |
| Subsidiary undertaking | 5 | - | - | - | - | - |
| Tangible assets: | | | | | | |
| Property | 7 | - | - | 3,573,093 | 3,573,093 | 3,643,093 |
| Equipment and plant | 8 | 26,656 | 48,744 | - | 75,400 | 93,276 |
| | | <u>576,656</u> | <u>109,914</u> | <u>3,586,501</u> | <u>4,273,071</u> | <u>3,803,475</u> |
| Current Assets | | | | | | |
| Property | 7 | - | - | 205,000 | 205,000 | - |
| Stocks | | 70,606 | - | - | 70,606 | 51,252 |
| Deposits with Central Board of Finance of the Church of England | | - | 6,782 | 196,842 | 203,624 | 204,024 |
| Other deposits and cash | | 148,970 | 23,149 | - | 172,119 | 151,744 |
| Debtors | 9 | 214,976 | 80,000 | - | 294,976 | 485,319 |
| | | <u>434,552</u> | <u>109,931</u> | <u>401,842</u> | <u>946,325</u> | <u>892,339</u> |
| Liabilities due within one year | | | | | | |
| Loan | | (39,951) | (10,500) | (23,673) | (74,124) | (149,257) |
| Creditors | 10 | (267,419) | - | - | (267,419) | (183,105) |
| Net Current Assets | | <u>127,182</u> | <u>99,431</u> | <u>378,169</u> | <u>604,782</u> | <u>559,977</u> |
| Total Assets less Current Liabilities | | 703,838 | 209,345 | 3,964,670 | 4,877,853 | 4,363,452 |
| Liabilities due after one year | | | | | | |
| Inter-fund loan | | (351,643) | (541,268) | 892,911 | - | - |
| Loans | 11 | (124,697) | (207,000) | (69,373) | (401,070) | (465,108) |
| Net Assets | | <u>227,498</u> | <u>(538,923)</u> | <u>4,788,208</u> | <u>4,476,783</u> | <u>3,898,344</u> |
| Representing: | | | | | | |
| Funds | | | | | | |
| | 16-18 | | | | | |
| General Fund | | (8,864) | - | - | (8,864) | (124,909) |
| Choir Funds | | - | 84,693 | 173,999 | 258,692 | 262,338 |
| Girls Choir Fund | | - | - | 20,108 | 20,108 | 20,108 |
| Pastoral & Parochial Account | | - | 22,643 | - | 22,643 | 22,643 |
| Millenium Project | | - | (701,915) | - | (701,915) | (768,415) |
| Buildings Fund | | - | - | 3,643,093 | 3,643,093 | 3,643,093 |
| Capital Account | | - | - | 484,393 | 484,393 | 483,000 |
| Property Fund | | 275,373 | 20,314 | 466,615 | 762,302 | 335,927 |
| Southwark Cathedral Enterprises | | (39,011) | - | - | (39,011) | (39,572) |
| Centenary Chair Appeal Fund | | - | 35,342 | - | 35,342 | 64,131 |
| | | <u>227,498</u> | <u>(538,923)</u> | <u>4,788,208</u> | <u>4,476,783</u> | <u>3,898,344</u> |

Southwark Cathedral

Balance Sheet as at 31st December 2010

| | | Cathedral | | | | |
|--|------|--------------|------------|-----------|--------------------------|--------------------------|
| | Note | Unrestricted | Restricted | Endowment | Total Funds 2010 £ | Total Funds 2009 £ |
| Fixed Assets | | | | | | |
| Investment assets | 6 | 550,000 | 61,170 | 13,408 | 624,578 | 67,106 |
| Subsidiary undertaking | 5 | 110,987 | - | - | 110,987 | 110,426 |
| Tangible assets: | | | | | | |
| Property | 7 | - | - | 3,573,093 | 3,573,093 | 3,643,093 |
| Equipment and plant | 8 | 9,530 | 48,744 | - | 58,274 | 74,009 |
| | | 670,517 | 109,914 | 3,586,501 | 4,366,932 | 3,894,634 |
| Current Assets | | | | | | |
| Property | 7 | - | - | 205,000 | 205,000 | - |
| Stocks | | - | - | - | - | - |
| Deposits with Central Board of Finance of the Church of England | | - | 6,782 | 196,842 | 203,624 | 204,024 |
| Other deposits and cash | | 88,902 | 23,149 | - | 112,051 | 96,528 |
| Debtors | 9 | 149,537 | 80,000 | - | 229,537 | 407,607 |
| | | 238,439 | 109,931 | 401,842 | 750,212 | 708,159 |
| Liabilities due within one year | | | | | | |
| Loan | | (39,951) | (10,500) | (23,673) | (74,124) | (149,257) |
| Creditors | 10 | (165,167) | - | - | (165,167) | (90,084) |
| | | 33,321 | 99,431 | 378,169 | 510,921 | 468,818 |
| Net Current Assets | | | | | | |
| | | 703,838 | 209,345 | 3,964,670 | 4,877,853 | 4,363,452 |
| Total Assets less Current Liabilities | | | | | | |
| Liabilities due after one year | | | | | | |
| Inter-fund loan | | (351,643) | (541,268) | 892,911 | - | - |
| Loans | 11 | (124,697) | (207,000) | (69,373) | (401,070) | (465,108) |
| | | 227,498 | (538,923) | 4,788,208 | 4,476,783 | 3,898,344 |
| Net Assets | | | | | | |
| Representing: | | | | | | |
| Funds 16-18 | | | | | | |
| General Fund | | (8,864) | - | - | (8,864) | (124,909) |
| Choir Funds | | - | 84,693 | 173,999 | 258,692 | 262,338 |
| Girls Choir Fund | | - | - | 20,108 | 20,108 | 20,108 |
| Pastoral & Parochial Account | | - | 22,643 | - | 22,643 | 22,643 |
| Millenium Project | | - | (701,915) | - | (701,915) | (768,415) |
| Buildings Fund | | - | - | 3,643,093 | 3,643,093 | 3,643,093 |
| Capital Account | | - | - | 484,393 | 484,393 | 483,000 |
| Property Fund | | 275,373 | 20,314 | 466,615 | 762,302 | 335,927 |
| Southwark Cathedral Enterprises | | (39,011) | - | - | (39,011) | (39,572) |
| Centenary Chair Appeal Fund | | - | 35,342 | - | 35,342 | 64,131 |
| | | 227,498 | (538,923) | 4,788,208 | 4,476,783 | 3,898,344 |

Approved by the Chapter and authorised for issue on 23rd March 2011


 Andrew Nunn
 Acting 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 |

Investment Property

The Cathedral holds property at the All Hallows site which they do not consider to be functional in its nature. The property was recognised in these financial statements on the basis of the valuation undertaken as at the 31st December 2010 which was based on the expected arms length open market value of the site as it currently stands.

Non-investment 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 2010 £ | Total Funds 2009 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| (i) Voluntary income | | | | | |
| Congregational collections and giving | 260,302 | 44,530 | - | 304,832 | 286,331 |
| Donations and fundraising appeals | 103,229 | 120,077 | - | 223,306 | 172,948 |
| Tax recoverable under Gift Aid | 58,035 | 8,326 | - | 66,361 | 60,651 |
| Income from Friends and local trusts | 59,239 | 4,269 | - | 63,508 | 45,842 |
| Legacies | 45,000 | - | - | 45,000 | - |
| Waiver of Provost of Southwark's Fund Loan | - | 66,500 | - | 66,500 | - |
| | <u>525,805</u> | <u>243,702</u> | <u>-</u> | <u>769,507</u> | <u>565,772</u> |
| (ii) Grants receivable | | | | | |
| Church Commissioners | - | 166,583 | - | 166,583 | 166,990 |
| Other revenue and capital grants | 8,500 | 80,000 | - | 88,500 | 143,000 |
| | <u>8,500</u> | <u>246,583</u> | <u>-</u> | <u>255,083</u> | <u>309,990</u> |
| (iii) Charges and fees arising in the course of mission | | | | | |
| Facility and other fees | <u>156,588</u> | <u>10,568</u> | <u>-</u> | <u>167,156</u> | <u>156,063</u> |
| (iv) Income from activities generating funds | | | | | |
| Gross income of shop, refectory and other activities | <u>529,825</u> | <u>-</u> | <u>-</u> | <u>529,825</u> | <u>551,768</u> |
| (v) Income from property and investments | | | | | |
| Property | 99,736 | - | - | 99,736 | 87,061 |
| Investments | 599 | 2,599 | 937 | 4,135 | 5,698 |
| Interest receivable on short term deposits | 65 | - | - | 65 | 505 |
| | <u>100,400</u> | <u>2,599</u> | <u>937</u> | <u>103,936</u> | <u>93,264</u> |
| (vi) Other income | | | | | |
| Insurance and other recoveries | 2,744 | - | - | 2,744 | 12,413 |
| Other items | 34,253 | - | - | 34,253 | 33,016 |
| | <u>36,997</u> | <u>-</u> | <u>-</u> | <u>36,997</u> | <u>45,429</u> |
| Total | <u>1,358,115</u> | <u>503,452</u> | <u>937</u> | <u>1,862,504</u> | <u>1,722,286</u> |

3 Costs of Generating Funds

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds 2010 £ | Total Funds 2009 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| Costs of facilities for visitors | 67,239 | 4,468 | - | 71,706 | 76,907 |
| Gross costs of shop, refectory and other activities | 323,684 | - | - | 323,684 | 382,951 |
| Costs of appeals and fund raising | - | 20,481 | - | 20,481 | 4,943 |
| Let property costs | 28,522 | - | - | 28,522 | 23,232 |
| | <u>419,444</u> | <u>24,949</u> | <u>-</u> | <u>444,393</u> | <u>488,033</u> |

4 Expenditure on Mission

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds 2010 £ | Total Funds 2009 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| (i) Ministry | | | | | |
| Clergy stipends and working expenses | 39,489 | 118,190 | - | 157,679 | 156,097 |
| Clergy housing costs | 10,205 | - | - | 10,205 | 14,990 |
| Clergy support costs | 52,988 | 7,480 | - | 60,468 | 60,692 |
| Services, music and congregational costs | 230,496 | 11,108 | - | 241,604 | 232,388 |
| | <u>333,178</u> | <u>136,778</u> | <u>-</u> | <u>469,956</u> | <u>464,167</u> |
| (ii) Cathedral and precincts upkeep | | | | | |
| Major repairs and restoration | - | 171,306 | - | 171,306 | 283,916 |
| Vergers and interior upkeep | 205,177 | 31,608 | - | 236,785 | 199,231 |
| Cathedral insurance | 33,276 | - | - | 33,276 | 32,217 |
| Precincts, security and gardens upkeep | 11,494 | - | - | 11,494 | 19,420 |
| Support costs | 130,131 | 15,911 | - | 146,042 | 141,192 |
| | <u>380,078</u> | <u>218,825</u> | <u>-</u> | <u>598,903</u> | <u>675,976</u> |
| (iii) Education and outreach | | | | | |
| Educational activities | 25,487 | 2,073 | - | 27,560 | 25,040 |
| Charitable and other giving | 28,775 | 34,005 | - | 62,780 | 68,655 |
| | <u>54,262</u> | <u>36,078</u> | <u>-</u> | <u>90,340</u> | <u>93,695</u> |
| (iv) Community, parish and congregation | | | | | |
| | <u>26,154</u> | <u>1,489</u> | <u>-</u> | <u>27,644</u> | <u>29,021</u> |
| (v) Other expenditure | | | | | |
| Interest and similar charges payable | 11,422 | 6,604 | - | 18,026 | 19,259 |
| Other items | - | 35,770 | - | 35,770 | 31,019 |
| | <u>11,422</u> | <u>42,374</u> | <u>-</u> | <u>53,796</u> | <u>50,278</u> |
| (vi) Governance | | | | | |
| Legal Costs/Fees | 2,555 | - | - | 2,555 | 11,938 |
| Audit Costs | 11,830 | - | - | 11,830 | 11,465 |
| Others | 2,496 | - | - | 2,496 | 1,479 |
| | <u>16,881</u> | <u>-</u> | <u>-</u> | <u>16,881</u> | <u>24,882</u> |
| Total | <u>821,975</u> | <u>435,544</u> | <u>-</u> | <u>1,257,520</u> | <u>1,338,019</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:

| | 2010 £ | 2009 £ |
|-------------------------------------|-----------------------|-----------------------|
| Turnover | 524,527 | 546,323 |
| Cost of sales | <u>(99,392)</u> | <u>(125,299)</u> |
| Gross Profit | 425,135 | 421,024 |
| Other income | - | 213 |
| Other Operating Costs | <u>(224,292)</u> | <u>(257,652)</u> |
| Charges payable to the Cathedral | - | - |
| Profit transferred to the Cathedral | <u>(200,282)</u> | <u>(161,620)</u> |
| Retained profit for the year | 561 | 1,965 |
| Accumulated losses brought forward | <u>(39,574)</u> | <u>(41,539)</u> |
| Accumulated losses carried forward | <u>(39,013)</u> | <u>(39,574)</u> |
| Share capital | <u>150,000</u> | <u>150,000</u> |
| Net assets | <u><u>110,987</u></u> | <u><u>110,426</u></u> |

6 Investments

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds £ |
|---|----------------------------|--------------------------|-------------------------|-----------------------|
| Market value at 1st January 2010 | | 54,595 | 12,509 | 67,104 |
| Recognition of investment property at valuation | 274,427 | - | - | 274,427 |
| Proceeds from disposals | - | - | - | - |
| Net increase on revaluation | <u>275,573</u> | <u>6,081</u> | <u>1,393</u> | <u>7,474</u> |
| Market value at 31st December 2010 | <u><u>550,000</u></u> | <u><u>60,676</u></u> | <u><u>13,902</u></u> | <u><u>349,005</u></u> |
| CBF Investment Fund shares | - | 60,676 | 13,902 | 74,578 |
| Investment property at All Hallows* | <u>550,000</u> | - | - | <u>550,000</u> |
| | <u><u>550,000</u></u> | <u><u>60,676</u></u> | <u><u>13,902</u></u> | <u><u>624,578</u></u> |

* All Hallows Hall and Cottage were valued by Biscoe Craig Hall, Chartered Surveyors, on the basis of estimated current market value as at 31st December 2010.

7 Non-Investment Property

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds £ |
|-----------------------------|----------------------------|--------------------------|-------------------------|---------------------|
| Cost or Valuation | | | | |
| At 1st January 2010 | - | - | 3,643,093 | 3,643,093 |
| Additions | - | - | - | - |
| Net increase on revaluation | - | - | 135,000 | 135,000 |
| Transfer to Current asset | - | - | (205,000) | (205,000) |
| Depreciation | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31st December 2010 | - | - | 3,573,093 | 3,573,093 |

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds £ |
|--------------------------------|----------------------------|--------------------------|-------------------------|---------------------|
| Non Investment Property | | | | |
| Asset awaiting Disposal | | | | |
| Cost or Valuation | | | | |
| At 1st January 2010 | - | - | - | - |
| Additions | - | - | - | - |
| Depreciation | - | - | - | - |
| Transfers from fixed assets | | | 205,000 | 205,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31st December 2010 | - | - | 205,000 | 205,000 |

| | Endowment Funds £ | Total Funds £ |
|---|-------------------------|---------------------|
| Non-investment properties are held and used as follows: | | |
| At 1st January 2010 | | |
| for Cathedral office facilities | 983,093 | 983,093 |
| for Cathedral clergy and staff housing | 2,660,000 | 2,660,000 |
| | <hr/> | <hr/> |
| | 3,643,093 | 3,643,093 |
| At 31st December 2010 | | |
| for Cathedral office facilities | 983,093 | 983,093 |
| for Cathedral clergy and staff housing | 2,590,000 | 2,590,000 |
| held for resale within current assets | 205,000 | 205,000 |
| | <hr/> | <hr/> |
| | 3,778,093 | 3,778,093 |

| | 2010 £ | 2009 £ |
|--|-----------|-----------|
| Non-investment property comprises: | | |
| Provost's Lodging, 50/51 Bankside, SE1 | 850,000 | 850,000 |
| 52 Bankside, SE1 | 375,000 | 375,000 |
| Montague Chambers, Montague Close, SE1 | 983,093 | 983,093 |
| All Hallows' Vicarage, 2 Copperfield Street, SE1 | 550,000 | 550,000 |
| St. Paul's Vicarage, 54 Kipling Street, SE1 | 385,000 | 385,000 |
| The Old Chapter House, 9a St. Thomas Street, SE1 | 205,000 | 70,000 |
| 73 St. George's Road, SE1 | 180,000 | 180,000 |
| 7 Temple West Mews, SE11 | 250,000 | 250,000 |
| | <hr/> | <hr/> |
| | 3,778,093 | 3,643,093 |

Except for Montague Chambers (stated at cost in December 1996), All Hallows' Vicarage (valued on 31st December 1999 at market value by Biscoe Craig Hall, Chartered Surveyors & Architects) and the Old Chapter House (re-valued at the estimated proceeds from the sale of the freehold in early 2011), the above properties were valued on 31st October 1996 at market value also by Biscoe Craig Hall.

Prior to sale by the Cathedral Chapter, the freehold of the Old Chapter House was subject to a 250 year lease from 7th September 2009. 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 which are considered to be inalienable assets and are held for the continuing use and mission of the Cathedral.

8 Equipment and Plant

| Group | Computer Equipment | Nave Chairs | Other Assets | Total 2010 |
|------------------------|-------------------------------|--------------------|-------------------------|-----------------------|
| Cost | | | | |
| At 1st January 2010 | 99,448 | 130,189 | 91,627 | 321,264 |
| Additions | - | 23,169 | - | - |
| Disposals | - | - | - | - |
| At 31st December 2010 | <u>99,448</u> | <u>153,358</u> | <u>91,627</u> | <u>344,433</u> |
| Depreciation | | | | |
| At 1st January 2010 | 61,121 | 75,240 | 91,627 | 227,988 |
| Charge for the year | 9,530 | 29,374 | - | 38,904 |
| Eliminated on disposal | - | - | - | - |
| At 31st December 2010 | <u>70,651</u> | <u>104,614</u> | <u>91,627</u> | <u>266,892</u> |
| Net Book Value | | | | |
| At 31st December 2010 | <u>28,797</u> | <u>48,744</u> | <u>-</u> | <u>77,541</u> |
| At 31st December 2009 | <u>-</u> | <u>54,949</u> | <u>-</u> | <u>54,949</u> |
| Cathedral | | | | |
| Cost | | | | |
| At 1st January 2010 | 73,759 | 130,189 | 91,627 | 295,575 |
| Additions | - | 23,169 | - | - |
| Disposals | - | - | - | - |
| At 31st December 2010 | <u>73,759</u> | <u>153,358</u> | <u>91,627</u> | <u>318,744</u> |
| Depreciation | | | | |
| At 1st January 2010 | 54,699 | 75,240 | 91,627 | 221,566 |
| Charge for the year | 9,530 | 29,374 | - | 38,904 |
| Eliminated on disposal | - | - | - | - |
| At 31st December 2010 | <u>64,229</u> | <u>104,614</u> | <u>91,627</u> | <u>260,470</u> |
| Net Book Value | | | | |
| At 31st December 2010 | <u>9,530</u> | <u>48,744</u> | <u>-</u> | <u>58,274</u> |
| At 31st December 2009 | <u>19,060</u> | <u>54,949</u> | <u>-</u> | <u>74,009</u> |

9 Debtors

| | Group | | Cathedral | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2010 £ | 2009 £ | 2010 £ | 2009 £ |
| Trade debtors and users of facilities | 169,082 | 193,180 | 67,807 | 56,504 |
| Amounts owed by group undertaking | - | - | 35,836 | 58,964 |
| Other debtors and prepayments | 125,894 | 292,139 | 125,894 | 292,139 |
| | <u>294,976</u> | <u>485,319</u> | <u>229,537</u> | <u>407,607</u> |

10 Creditors: Amounts falling due within one year

| | Group | | Cathedral | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2010 £ | 2009 £ | 2010 £ | 2009 £ |
| Provost of Southwark's Fund | - | 66,500 | - | 66,500 |
| Loans | 74,124 | 82,757 | 74,124 | 82,757 |
| Tax and social security costs | 12,195 | 1,441 | 12,195 | 1,441 |
| Other creditors and accruals | 255,224 | 181,664 | 152,972 | 88,643 |
| | <u>341,543</u> | <u>332,362</u> | <u>239,291</u> | <u>239,341</u> |

11 Creditors: Amounts falling due after more than one year

| | Group | | Cathedral | |
|---|----------------|----------------|----------------|----------------|
| | 2010 £ | 2009 £ | 2010 £ | 2009 £ |
| Church Commissioners | - | 4,501 | - | 4,501 |
| South London Church Fund and Southwark Diocesan Board of Finance | 401,070 | 460,607 | 401,070 | 460,607 |
| | <u>401,070</u> | <u>465,108</u> | <u>401,070</u> | <u>465,108</u> |

These loans are repayable as shown below:

| | 2010 | | 2009 | |
|----------------------------|----------------|----------------|----------------|----------------|
| Within one year | 74,124 | 149,257 | 74,124 | 149,257 |
| Between one and two years | 337,516 | 345,517 | 337,516 | 345,517 |
| Between two and five years | 63,554 | 114,382 | 63,554 | 114,382 |
| In five years or more | - | 5,209 | - | 5,209 |
| | <u>475,194</u> | <u>614,365</u> | <u>475,194</u> | <u>614,365</u> |

There are six loans from the Southwark Diocesan Board of Finance and South London Church Fund all of which are charged at a rate of interest of 3.50% over bank base rate (except that for computer equipment which is interest-free). The first, to finance the refurbishment of All Hallows' Vicarage, is repayable over a period of 15 years from 1999 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, 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, the fourth, to finance computer equipment purchased in 2008 is interest-free and repayable over three years, the fifth, to finance payments to solicitors following an attempt to bring a claim against the Chapter over land at Montague Close outside the East End of the Churchyard, and finally, a loan for cash-flow purposes drawn down during 2009.

12 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2009 - £Nil).

In 2010, no employee received remuneration in excess of £60,000.

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

| | 2010 Full Time | 2010 Part Time | 2009 Full Time | 2009 Part Time |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| Clergy | 3 | 1 | 3 | 1 |
| Administrative staff | 5 | 1 | 5 | 1 |
| Music department | 2 | 8 | 2 | 8 |
| Vergers and support staff | 5 | - | 5 | - |
| Visitors | 1 | - | 1 | - |
| Subsidiary undertaking | 3 | 3 | 3 | 3 |
| | <u>19</u> | <u>13</u> | <u>19</u> | <u>13</u> |

| | 2010 £ | 2009 £ |
|-------------------------------------|----------------|----------------|
| Employee costs for the year | | |
| Salaries and stipends | 443,474 | 475,093 |
| Employer's national insurance costs | 41,039 | 44,999 |
| Employer's pension contributions | 18,686 | 17,476 |
| | <u>503,198</u> | <u>537,568</u> |

Emoluments of Chapter members

| | | |
|-------------------------|----------------|----------------|
| Dean | 29,370 | 31,808 |
| Sub Dean | 26,100 | 25,910 |
| Canon Residentiary | 26,100 | 25,910 |
| Cathedral Administrator | 55,757 | 55,757 |
| | <u>137,327</u> | <u>139,385</u> |

Expenses of ex-officio Chapter members

| | | |
|---------------------------------------|---------------|--------------|
| Number receiving expenses | <u>5</u> | <u>5</u> |
| Services (telephone, electricity etc) | 1,418 | 1,353 |
| Travel | 513 | 1,013 |
| Hospitality | 7,162 | 3,944 |
| Other | 1,149 | 2,540 |
| | <u>10,242</u> | <u>8,850</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 £47,766 (2009 - £50,373).

14 Auditors' Remuneration

| | 2010 | 2009 |
|--|---------------|---------------|
| | £ | £ |
| Audit services to the Cathedral and its subsidiary (excluding VAT) | <u>13,750</u> | <u>13,750</u> |

15 Commitments under Operating Leases

At 31st December 2010 the Chapter was committed to making the following payments under non-cancellable operating leases on office equipment in the year to 31st December 2011:

| | 2010 | 2009 |
|-------------------------------------|---------------------|---------------------|
| | £ | £ |
| Expiring within one year | - | - |
| Expiring between one and two years | 1,172 | - |
| Expiring between two and five years | <u>6,013</u> | <u>8,700</u> |
| | <u><u>7,185</u></u> | <u><u>8,700</u></u> |

16 Unrestricted Funds

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

| | General Fund £ | Cathedral Enterprises £ | Property Fund £ | TOTAL £ |
|--|-------------------------------|--|--------------------------------|--------------------|
| Incoming Resources | | | | |
| Voluntary income | 525,805 | - | - | 525,805 |
| Grants receivable | 8,500 | - | - | 8,500 |
| Charges and fees arising in course of mission | 156,588 | - | - | 156,588 |
| Income from activities generating funds | 5,298 | 524,527 | - | 529,825 |
| Income from property and investments | 100,400 | - | - | 100,400 |
| Other income | 36,997 | - | - | 36,997 |
| Total incoming resources | 833,588 | 524,527 | - | 1,358,115 |
| Cost of generating funds | | | | |
| Cost of appeals, fundraising and income generation | (95,760) | (323,684) | - | (419,444) |
| Net incoming resources | 737,828 | 200,843 | - | 938,671 |
| Expenditure on mission | | | | |
| Ministry | 333,178 | - | - | 333,178 |
| Cathedral and precincts upkeep | 380,078 | - | - | 380,078 |
| Education and outreach | 54,262 | - | - | 54,262 |
| Community, parish and congregation | 26,154 | - | - | 26,154 |
| Other expenditure | 11,422 | - | - | 11,422 |
| Total Resources Expended on mission | 805,094 | - | - | 805,094 |
| Governance Costs | 16,881 | - | - | 16,881 |
| <i>Total Expenditure on generating funds, mission and governance</i> | 917,735 | 323,684 | - | 1,241,419 |
| Net Incoming/(Outgoing) Resources before Transfers | | | | |
| | (84,147) | 200,843 | - | 116,696 |
| Unrealised gains (losses) | | | | |
| Transfers between funds | 200,192 | (200,282) | 275,373 | 275,373 |
| Net Movement in Funds | 116,045 | 561 | 275,373 | 391,979 |
| Fund balances at 1st January 2010 | (124,909) | (39,572) | - | (164,481) |
| Fund Balances at 31st December 2010 | (8,864) | (39,011) | 275,373 | 227,498 |

The transfer from Cathedral Enterprises to the General Fund represents the amount transferred under Gift Aid from Southwark Cathedral Enterprises Ltd as a contribution to the running costs of the Cathedral.

17 Restricted Income Funds

| | Choir Funds | Other Restricted Income | Property Fund | Centenary Chairs Appeal | Pastoral & Parochial Work Account | Millennium Project Account | Total |
|--|----------------|-------------------------|----------------|-------------------------|-----------------------------------|----------------------------|------------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Incoming Resources | | | | | | | |
| Voluntary income | 2,065 | 67,244 | 107,308 | 585 | - | 66,500 | 243,702 |
| Grants receivable | - | 166,583 | 80,000 | - | - | - | 246,583 |
| Charges and fees arising in course of mission | 10,568 | - | - | - | - | - | 10,568 |
| Income from activities generating funds | - | - | - | - | - | - | - |
| Income from property and investments | 2,599 | - | - | - | - | - | 2,599 |
| Other income | - | - | - | - | - | - | - |
| Total incoming resources | 15,232 | 233,827 | 187,308 | 585 | - | 66,500 | 503,452 |
| Cost of generating funds | | | | | | | |
| Cost of appeals, fundraising and income generation | (20,481) | (4,468) | - | - | - | - | (24,949) |
| Net incoming resources | (5,249) | 229,359 | - | 585 | - | 66,500 | 478,503 |
| Expenditure on mission | | | | | | | |
| Ministry | 1,879 | 134,899 | - | - | - | - | 136,778 |
| Cathedral and precincts upkeep | - | 18,145 | 171,306 | 29,374 | - | - | 218,825 |
| Education and outreach | - | 36,078 | - | - | - | - | 36,078 |
| Community, parish and congregation | - | 1,489 | - | - | - | - | 1,489 |
| Other expenditure | - | 38,748 | - | - | - | 3,626 | 42,374 |
| Total expenditure on mission | 1,879 | 229,359 | 171,306 | 29,374 | - | 3,626 | 435,544 |
| Governance Costs | - | - | - | - | - | - | - |
| <i>Total Expenditure on generating funds, mission and governance</i> | 22,360 | 233,827 | 171,306 | 29,374 | - | 3,626 | 460,493 |
| Net Incoming/(Outgoing) Resources before Transfers | (7,128) | - | 16,002 | (28,789) | - | 62,874 | 42,959 |
| Other recognised gains (losses) | | | | | | | |
| Investments | 6,081 | - | - | - | - | - | 6,081 |
| Non investments property | - | - | - | - | - | - | - |
| | 6,081 | - | - | - | - | - | 6,081 |
| Transfers between funds | (2,599) | - | - | - | - | 3,626 | 1,027 |
| Net Movement in Funds | (3,646) | - | 16,002 | (28,789) | - | 66,500 | 50,067 |
| Fund balances at 1st January 2010 | 88,339 | - | 4,312 | 64,131 | 22,643 | (768,415) | (588,990) |
| Fund Balances at 31st December 2010 | 84,693 | - | 20,314 | 35,342 | 22,643 | (701,915) | (538,923) |

Choir funds consist of the following balances at 31st December 2010: Girls Choir Fund (fund balance £12,499), the Choristers Fund (fund balance £10,140) and the Choir Reserve Fund (fund balance £62,139).

The transfer from the Choir Funds represents the interest and dividends received from CBF Investments which are transferred to the general account to contribute to music department expenses. The transfer of £3,626 in to the Millennium Project account represents the amount paid from general funds for interest on the loan from the Southwark Diocesan Board of Finance.

18 Endowment Funds

| | Buildings Fund £ | Capital Account £ | Property Fund £ | Choir Endowment Fund £ | Girls choir Capital Fund £ | Total £ |
|--|------------------------|-------------------------|-----------------------|---------------------------------|-------------------------------------|------------------|
| Incoming Resources | | | | | | |
| Voluntary income | - | - | - | - | - | - |
| Grants receivable | - | - | - | - | - | - |
| Charges and fees arising in course of mission | - | - | - | - | - | - |
| Income from activities generating funds | - | - | - | - | - | - |
| Income from property and investments | - | - | - | 632 | 305 | 937 |
| Other income | - | - | - | - | - | - |
| Total incoming resources | - | - | - | 632 | 305 | 937 |
| Cost of generating funds | - | - | - | - | - | - |
| Net incoming resources available for mission | - | - | - | 632 | 305 | 937 |
| Expenditure on mission | | | | | | |
| Ministry | - | - | - | - | - | - |
| Cathedral and precincts upkeep | - | - | - | - | - | - |
| Education and outreach | - | - | - | - | - | - |
| Community, parish and congregation | - | - | - | - | - | - |
| Other expenditure | - | - | - | - | - | - |
| Total resources expended on mission | - | - | - | - | - | - |
| Governance costs | - | - | - | - | - | - |
| Total expenditure on generating funds, mission and governance | - | - | - | - | - | - |
| Net (Outgoing)/Incoming Resources | - | - | - | 632 | 305 | 937 |
| Recognised gains | - | - | 135,000 | - | - | 135,000 |
| Investments | - | 1,393 | - | - | - | 1,393 |
| Non investment property | - | - | - | - | - | - |
| | - | 1,393 | 135,000 | - | - | 136,393 |
| Gross transfer between funds | - | - | - | (632) | (305) | (937) |
| Net movements in funds | - | 1,393 | 135,000 | - | - | 136,393 |
| Funds brought forward | 3,643,093 | 483,000 | 331,615 | 173,999 | 20,108 | 4,651,815 |
| Total Funds Carried Forward | <u>3,643,093</u> | <u>484,393</u> | <u>466,615</u> | <u>173,999</u> | <u>20,108</u> | <u>4,788,208</u> |

The transfers from the Choir Endowment and Girls' Choir Capital Funds represent the interest and dividends received from CBF Investments which are transferred to general funds to contribute to music department expenses.

19 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 £466,615 (2009 - £331,615). The balance of the restricted element of the fund at the year end is £20,314. The unrestricted element of the fund stands at £275,373 from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

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 an 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.

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. The final chairs were purchased in 2010 bringing the appeal to a close. 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.

20 Analysis of Group Net Assets between Funds

| | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total 2010 £ |
|--|----------------------------|--------------------------|-------------------------|--------------------|
| Fund balances at 31st December 2010 are represented by: | | | | |
| Tangible fixed assets | 26,656 | 48,744 | 3,573,093 | 3,648,493 |
| Investments | 550,000 | 61,170 | 13,408 | 624,578 |
| Current Assets | 434,552 | 109,931 | 401,842 | 946,325 |
| Current Liabilities | (307,370) | (10,500) | (23,673) | (341,543) |
| Long term liabilities | (124,697) | (207,000) | (69,373) | (401,070) |
| Inter-fund loan | (216,643) | (541,268) | 757,911 | - |
| Total net assets | <u>362,498</u> | <u>(538,923)</u> | <u>4,653,208</u> | <u>4,476,783</u> |

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.

21 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 accounting year ending in 2010 for the Trustees of the Rectory of St Saviour and the Friends of Southwark Cathedral and for the year ending in 2009 for the Millennium Trust.

| | Trustees of the Rectory of St Saviour £ | Friends of Southwark Cathedral £ | Millennium Trust £ |
|---|--|---|--------------------------|
| Gross income | 7,382 | 18,579 | 8 |
| Net income before amounts paid to Cathedral | 7,382 | (1,725) | 8 |
| Amounts paid to Cathedral | 3,750 | 5,044 | - |
| Gross assets | 161,244 | 186,692 | 1,216 |
| Net assets | 161,244 | 184,916 | 1,216 |