

# ROCHESTER CATHEDRAL

Nurturing the radical hope  
of human flourishing  
in Jesus Christ



ANNUAL REPORT  
Statutory Accounts – Part 2  
2012

# Rochester Cathedral Annual Report and Statutory Accounts – Part 2

## Contents Page

PART 2 .....	2
1 .LEGAL AND ADMINISTRATIVE INFORMATION .....	3
1.1 Legal Name of the Cathedral .....	3
1.2 Chapter Office .....	3
1.3 Chapter .....	3
1.4 Other Key Appointments .....	3
1.5 Finance Committee .....	4
1.6 Fabric Advisory Committee .....	4
1.7 Auditors .....	4
1.8 Banker and other professional advisers .....	4
2 .STRUCTURE, GOVERNANCE AND MANAGEMENT .....	6
2.1 Governing Statute .....	6
2.2 Relationship with the Diocese .....	6
2.3 Corporate Body .....	6
2.4 Finance Committee .....	7
2.5 Other key groups .....	7
2.6 Chapter appointments and training .....	7
2.7 Chapter responsibilities .....	7
2.8 Clergy and senior staff changes .....	8
2.9 Related organisations .....	8
2.10 Investment Powers .....	8
2.11 Public Benefit .....	8
2.12 Risk Analysis .....	9
2.13 Staffing and Volunteers .....	9
3 .FINANCIAL REVIEW .....	9
3.1 Major sources of finance .....	9
3.2 Reserves Policy .....	10
3.3 Investment Policy .....	10
3.4 Investment Performance .....	11
3.5 Maintenance Plan for the Cathedral and its Precincts .....	12
3.6 Commentary on the Results .....	13
4 .STATUTORY ACCOUNTS .....	16

## Part 2

Part 2 of the Annual Report contains all the information the Cathedral is required to disclose by statute and regulation. Part 1 of the report describes the wide range of activities undertaken by the Cathedral over the year, and measures them against our present and future plans.

### 1. Legal and administrative information

#### 1.1 Legal name of the Cathedral

The legal name of the Cathedral is: Cathedral Church of Christ and the Blessed Virgin Mary  
Name commonly used: Rochester Cathedral

#### 1.2 Chapter Office

Garth House  
The Precinct  
Rochester  
ME1 1SX  
Telephone: 01634 843366  
Email: administrator@rochestercathedral.org

#### 1.3 Chapter

Members of Chapter during the period to 31 December 2012 were as follows:

*Dean:* The Very Revd Dr Mark Beach – 2012(May)  
*Canon Pastor:* The Revd Dr Canon Philip Hesketh (Commissioners' Canon) – 2005  
(Acting Dean until May 2012)  
*Canon Precentor:* The Revd Canon Neil Thompson (Commissioners' Canon) - 2008  
*Canon Missioner:* The Revd Canon Jean Kerr (20% Cathedral and 80% Diocese) - 2005  
*Archdeacon of Rochester* The Ven Simon Burton-Jones (20% Cathedral and 80% Diocese) - 2010  
*Bishop's Appointee:* Professor Vaughan Grylls – 2006 until 2012 (Nov)  
*Bishop's Appointee:* Dr Jane Broadbent – 2008  
*Bishop's Appointee:* Mr Paul Hudson - 2010

#### 1.4 Other key appointments

<b>Administrator</b> Appointed 2006	Director of Operations Dr Edwina E Bell
<b>Director of Music</b> Appointed 2008	Mr Scott Farrell
<b>Surveyor to the fabric</b> Appointed 2000	Mr Ian Stewart Messrs Carden & Godfrey 33 Clerkenwell Close, London EC1R 0AU
<b>Archaeologist</b> Appointed 2006	Mr Graham Keevill Keevill Heritage Consultancy

85 Kynaston Road,  
Didcot, Oxon OX11 8HA

### **1.5 Finance Committee**

External members      Mr Richard Webb – 2005 until 2012 (Jul) (Chair from 2007)  
                                 Mr John Sands – 2008  
                                 Mr Andrew Webster – 2010  
                                 Mrs Alison Mings - 2012 (Chair from Jan 2013)

Internal members      The Very Revd Dr Mark Beach (from May 2012)  
                                 The Revd Dr Canon Philip Hesketh  
                                 Mr Paul Hudson (from December 2010) (Chair from Jul – Dec 2012)  
                                 Dr Edwina Bell  
                                 Mr Rob Trice

### **1.6 Fabric Advisory Committee**

Appointed by CFCE      Julian Limentani (Chair)  
                                 Dr Nicola Coldstream  
                                 Mr Allan Brodie  
                                 Mr David Baker

Appointed by Chapter      Mrs Annaliese Arnold  
                                 Mrs Heather Newton  
                                 Mrs Marie-Louise Sauerberg  
                                 Mrs Margaret Davies

Secretary                  Mrs Sue Malthouse

The Dean, Director of Operations and the Head Verger attend all FAC meetings. All members of Chapter are invited to attend FAC meetings when they are able. The Cathedral Archaeologist and Surveyor to the Fabric also attend all FAC meetings.

### **1.7 Auditors**

The Cathedral auditors, appointed in 2007, are haysmacintyre.  
                                 haysmacintyre  
                                 Fairfax House  
                                 15 Fulwood Place  
                                 London WC1V 6AY

### **1.8 Banker and other professional advisers**

**Banker**                      Lloyds TSB Bank plc  
                                 142-146 High Street  
                                 Chatham, Kent ME4 4DQ

**Solicitors**                  Winch & Winch  
                                 New Road Avenue

Chatham, Kent ME4 6AR

Cripps Harries Hall  
Wallside House  
12 Mount Ephraim Road  
Tunbridge Wells, Kent, TN1 1EG

**Investment Manager**

Quilter  
St Helen's  
1 Undershaft  
London EC3A 8BB

**Estate Advisor**

Smiths Gore  
23 Kings Hill Avenue  
West Malling  
Maidstone  
ME19 4UA

**Surveyor (general)**

J.A. Warner & Partners  
14 High Street  
Rochester  
Kent ME1 1PU

**Rent Advisors**

**Commercial**

Harrisons  
Oasis House  
Ambley Green  
Gillingham Business Park  
Kent ME8 0NJ

**Residential**

Kent Residential Lettings  
151 New Rd  
Chatham  
Kent ME4 4PT

## **2. Structure, governance and management**

### **2.1 Governing Statute**

The Cathedral is governed by the Rochester Cathedral Constitution and Statutes dated 8 September 2000, updated in December 2009.

### **2.2 Relationship with the Diocese**

The Diocesan Bishop, the Rt Revd James Langstaff was appointed in 2010. The Suffragan Bishop of Tonbridge is the Rt Revd Dr Brian Castle

The Cathedral is the formal 'seat' of the Bishop of Rochester, and he is the official Visitor. The Bishop is a valued friend and advisor to the Cathedral, which in turn seeks to support the Bishop's work of leading the Diocese in mission and ministry.

The Cathedral is the mother church of the Diocese and a centre of worship and mission within and beyond the Diocese. It is also a venue for civic events, concerts and graduation ceremonies.

### **2.3 Corporate body**

The members of the Chapter, Council, and College of Canons form the corporate body of the Cathedral.

#### ***The Chapter***

The Chapter consists of the Dean, 4 Residentiary Canons (these are the on-site clergy of whom 2 are full-time, and 2 are Diocesan appointments offering 20% of their time to the Cathedral) and 3 non-residentiary members recruited for their skills and expertise in specific areas of the Cathedral's life. It is responsible for leadership, policy, strategy and vision.

Residentiary members of Chapter are responsible for different portfolios within the Cathedral's life – mission and social responsibility, pastoral care and spiritual development, education and visits, liturgy and music and patronage. These departments are supported by a range of committees and teams, and a Director of Operations with overall responsibility for cathedral support services and resources.

#### ***The Cathedral Council***

The Council is an advisory and consultative body, established to support the work of the Chapter and to ensure accountability to the wider community and Diocese. It provides a sounding board and guidance for Chapter as well as offering an informal 'watchdog' role to ensure that the Cathedral fulfils its legal responsibilities. It also has a formal executive role if any amendments to the Cathedral's Constitution and Statutes should be proposed.

#### ***The College of Canons***

The College consists of senior clergy and lay members from across the Diocese, appointed by the Bishop, along with a number of ecumenical canons (representatives from other denominations). Its role is to ensure that the Cathedral is open to informed opinions, observations and comment from churches within and beyond the Diocese.

## 2.4 Finance Committee

This committee is responsible for advising Chapter in connection with its responsibilities in the field of financial and investment management.

## 2.5 Other key groups

In addition to the corporate body there are two other key groups of people:

### *The Cathedral Forum*

This is a quarterly meeting open to all members of the Cathedral's congregation and community. It has no statutory powers but allows for open discussion of any issue of interest within the life of the Cathedral.

### *The Fabric Advisory Committee*

This committee is responsible for ensuring that any work to the fabric of the Cathedral is done with proper regard to due and legal process. It includes the Surveyor to the Fabric, the consultant Archaeologist, and other experts in the conservation and repair of historic buildings.

## 2.6 Chapter appointments and training

The Dean and two Canons (Canon Precentor and Canon Pastor, called Commissioners' Canons) are appointed by the Crown.

The other two Residentiary Canons (Archdeacon and Canon Missioner) are diocesan appointments.

The non-residentiary members of Chapter are appointed by the Bishop, usually on the recommendation of the Dean and Chapter.

New members of Chapter are provided with key documents such as the Constitution & Statutes and links to the Cathedrals Measure 1999. Informal discussions are used to brief them on their role and to help them understand the different aspects of the Cathedral's work. Where possible external training courses provided by the Association of English Cathedrals are used.

## 2.7 Chapter responsibilities

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for

- 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 the Cathedral and its connected entities
- stating that they have complied in all material respects with the Accounting and Reporting Regulations for English Anglican Cathedrals prepared by the Cathedral Administrators and Finance Association (CAFA) specified by the Church Commissioners or describing which recommendations have not been complied with and giving reasons for the non compliance
- selecting suitable accounting policies and then applying them consistently
- making judgements and estimates that are reasonable and prudent
- keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time, and

- safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **2.8 Clergy and senior staff changes**

A new Dean was appointed in May 2012. There were no other changes during the year.

## **2.9 Related organisations**

### ***Organisations for the sole benefit of the Cathedral***

#### ***Friends of Rochester Cathedral***

The Friends is an independent network of people with an interest in the built heritage environment in general and Rochester Cathedral in particular. They had a total membership of 967 at the end of the year. They provide substantial and welcome financial support for the pressing work necessary on the fabric of the Cathedral.

#### ***Rochester Cathedral Trust***

The Trust is an independent body set up to raise money on the Cathedral's behalf and to make grants in accordance with the terms of the Trust Deed to support the development of the Cathedral. The Trustees are drawn from across the region.

#### ***Rochester Cathedral Enterprises Ltd***

The Chapter and Director of Operations constitutes the Board of Directors of RCE Ltd, an independent wholly owned company set up to run the Cathedral's catering and retail operations. Profits from the company are paid across to the Cathedral as Gift Aid.

### **Other Organisations**

#### ***King's School Rochester***

King's School plays an important role in the life of the Cathedral, supplying the boy choristers for the Cathedral choir and regularly holding major events and concerts in the Cathedral. All Cathedral Residentiary Canons are Governors of the School, and the Dean is ex officio Chair of Governors. King's School pays a commercial rent for Dean and Chapter buildings they use. The Cathedral contributes towards scholarships for the boy choristers who attend the school.

## **2.10 Investment Powers**

Under 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 trustees may invest under the general power of investment in the Trustee Act 2000; the improvement or development 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.

## **2.11 Public Benefit**

Although it is not a reporting requirement of the Church Commissioners, nevertheless Chapter confirm that they have complied with section 17 of the Charities Act 2011 to have regard to public benefit



guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral maintains a policy of free access to all members of the public. It not only serves the community daily in its religious and charitable work, but is an active resource of national importance in the promotion of religion, music, education, history and architecture.

## **2.12 Risk analysis**

A risk register was developed in 2009 which detailed, by department, the risks and the actions taken to reduce and manage them. During 2010/11 further work was done to build on the progress made. Each department drew up an action plan of items further to reduce risk in their areas of operations. Progress on these action plans was reviewed by Chapter in January 2011 and the risk register updated. It is intended that it will be an on-going exercise to review and update the register every year most recently in July 2012.

## **2.13 Staffing and Volunteers**

The Cathedral employs staff to deliver its objectives – vergers, musicians, gardeners, education officers, cleaners, caterers, shop workers, accountants, book-keepers, fundraisers and administrative support workers. More than 350 volunteers provide invaluable support without which the Cathedral could not function properly – stewards, welcomers, guides, chaplains, educationalists, Sunday Club leaders and helpers, embroiderers, sewers, retail and catering volunteers, musicians, flower arrangers, pastoral visitors, events organisers, brass polishers, choir helpers, servers, readers, intercessors, bell-ringers, cash-counters, committee volunteers, envelope stuffers and many more besides.

# **3. Financial review**

## **3.1 Major sources of finance**

### ***Investment income***

The Cathedral owns 45 (2011: 45) properties, both commercial and residential, within the town of Rochester. Property is the principal source of investment income and in 2012 rents accounted for £431,910 (2011 - 9 months £301,409) (42% of unrestricted income). Other investment income from shares, stocks and interest amounted to £72,013 (2011- 9 months £58,242). A review of investment performance is given in a separate section below.

### ***Grants***

Grants are received from the Church Commissioners under various sections of the Cathedrals Measure 1999 to contribute towards administrative salaries, clergy salaries, removals costs for clergy and chancel repairs. In 2012 the contribution towards administrative salaries was £98,290 (2011 – 9 months £70,882) and this is included in the total figure of £201,277 (2011 – 9 months £138,819). The balance includes their contribution towards the stipend of the Dean and Commissioners Canons which was £99,177 (2011 – 9 months £65,663) and £3,810 towards chancel repairs (2011 – 9 months £2,273). In addition we received a further £37,103 (2011 – 9 months £24,785) in respect of moving costs and the vacancy of the Dean. The amount not spent on moving costs was restricted and was used to support other lay and clergy costs.

During 2012 the development phase of the Hidden Treasures Fresh Expressions project for the Crypt was completed. This project was grant-aided by the Heritage Lottery Fund (HLF) who contributed £79,000 (2011 £79,000) during the year. Other grants for this project included £10,000 from the Henry Smith Charity. Additionally, £20,000 was received from the All Churches Trust (2011 – 9 months £20,000).

### ***Voluntary income***

The total received for congregational giving, donations and gift aid amounted to £142,300 (2011 – 9 months £105,666) during the period, which included £3,071 (2011 – 9 months £2,134) including deposit interest, raised for an appeal to build a church/school in Guadulur in India. In addition, £111,380 (2011- 9 months £9,982) was received from the Friends of Rochester Cathedral to support specific projects including £100,000 for the Hidden Treasures Fresh Expressions Project. The other significant source of voluntary income was from Rochester Cathedral Trust for specific projects. This amounted to £51,720 (2011 – 9 months £19,804) during the period, which included the transfer to the Cathedral of an endowment for music of £27,518 (2011 £4,424).

### ***Trading***

The Cathedral's trading company, Rochester Cathedral Enterprises Ltd (RCE Ltd), operates a Tea Room serving lunches and teas in the College adjacent to the Cathedral. It also operates a small retail operation from the Cathedral's Welcome Desk.

RCE Ltd turnover for the period was £269,296 (2011 – 9 months £190,898). The company made trading losses in the year due to poor trading conditions throughout the year and exceptional costs arising from staff sickness. Therefore the company did not make any gift-aided payment to the Cathedral in 2012 (2011 - £9,600).

### ***Other income***

This includes lettings of the Cathedral, charges for educational visits, guided tours, concerts and recitals, filming and recording fees, etc. Excluding the gift-aid payment from RCE Ltd mentioned above, total income from these sources amounted to £85,077 (2011- 9 months £86,166).

## **3.2 Reserves Policy**

Reserves are needed both to maintain the level of the Cathedral's current activities and to enable the completion of long-term projects.

A surplus was made in 2012 on the general fund of £12,863 (2011 – 9 months £210,232 deficit). This was achieved by deferring some expected capital projects into 2013. The result is that the consolidated general fund reserves are increased to £364,782 (2011 £351,919). This is an increase compared with the original budget for 2012, but reflects a more cautious than expected approach adopted in the year. During the year there were unexpected projects relating to the renewal of a shop front window and potential works to the Deanery wall, requiring some projects planned for 2012 to be deferred to 2013. Routine property repairs were lower than usual totalling £7,329. Reserves represent just over 4 months of ordinary activity.

The Chapter consider that the Cathedral should aim to hold unrestricted reserve levels to cover at least six months of ordinary activity, which at the present time would be approximately £500,000.

## **3.3 Investment Policy**

The Chapter aim to keep a balanced portfolio of investments that is risk averse and appropriate to the purposes of the funds that are represented by them.

Investments in property are to be either capable of efficient local management or in the form of managed property funds. Performance is measured against income yield on the CBF Property Fund, the property fund managed by CCLA Investment Management Ltd on behalf of the Central Board of Finance of the Church of England.

Investments held through the Church of England Central Board of Finance are subject to the ethical guidelines issued by the Church of England Ethical Investments Advisory Group (EIAG). The investments held by Quilters are subject to regular ethical screening based on criteria set by Chapter. The ethical constraints applied to the Quilter portfolio are considered to be tighter than those applied under the EIAG guidelines.

A medium to low risk profile is taken on equities and performance is measured against total returns on the Rochester Cathedral Specialist Benchmark, a specific index established for the Cathedral, that is based on a combination and weighting of existing FTSE indices as follows: 35% FT Govt All Stock, 50% FTSE All Share, 10% FTSEAW(W&UK) and 5% Cash.

***Restricted Funds.***

These funds usually arise from legacies and donations, and are required for spending on defined purposes. The policy is to achieve a balance between capital growth and the ability to realise assets within a given timescale.

***Unrestricted Funds.***

These funds are used for managing fluctuations in the ordinary operations and to fund future projects. The policy is to achieve a mixed portfolio of assets with capital growth and those providing high yields and easy liquidity.

***Endowment Funds.***

Where the capital is to be retained, the policy is to achieve long-term income growth, with less emphasis on liquidity.

**3.4 Investment Performance**

***Property Investments.***

The Dean and Chapter own property to house clergy and staff, and to use for offices. Other property is held for investment purposes and is rented out on a commercial basis where possible to generate funds for the day-to-day operation of the ministry of the Cathedral. Properties were fully revalued at market value during 2006/7 and were revised for values at 31st December 2012 with reference to external benchmark data.

	<b>£'000</b>
Rental income	431.9
Professional services	(11.1)

Other costs	(49.1)
Major repairs	(24.1)
<b>Net income</b>	<b>347.3</b>
<b>Yield on investment properties</b>	
	<b>£'000</b>
Capital value investment property	£10,069
Net income yield	3.5%
<b>CBF Property Fund income yield</b>	<b>7.3%</b>

Our net income yield of 3.5% for the year compares with 3.5% (annualised) for 2011, reflecting lower rentals obtained due to continued higher than expected levels of vacancy. The annual net income yield will vary year by year depending on the amount of capital works done in the year. Our relatively low yield reflects the fact that several of our residential properties are on protected tenancies with low rents. The return on commercial properties is generally higher, but the increase in commercial capital values this year has kept the income yield lower.

### **Other investments**

The performance of the Cathedral's other investments is shown below:

<i>Gross income from other investments</i>	<i>Equities</i>	<i>Fixed interest</i>	<i>Variable interest</i>	<b>Total</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<b>£'000</b>
Listed in the UK	74.6	30.3	-	104.9
Cash deposits	-	-	2.4	2.4
	74.6	30.3	2.4	107.3
Gains/(losses) on revaluations/disposals	100.1	25.2	-	125.3

<b>Total return on other investments</b>	<b>174.7</b>	<b>55.5</b>	<b>2.4</b>	<b>232.6</b>
<b>Return on other investments</b>	<b>£'000</b>			
Market value of other investments	2,744.9			
Return	8.5%			
<b>Rochester Cathedral Specialist Benchmark (35% FT Govt All Stk, 50% FTSE All Share, 10% FTSEAW(W&amp;UK), 5% Cash)</b>	<b>8.6%</b>			

In January 2010 we created a new investment fund with Quilter that is set up in accordance with the Dean & Chapter's Statement of Investment Policy and bound by the Church of England's ethical guidelines. The fund started the period with a value at £1.87m, and with capital gains and a further £27.5k addition to the music endowment was worth £1.94m at the end of the year. This fund had a 31.0% weighting in fixed interest stocks (to generate the required levels of income). The Quilter Fund achieved a return of 8.6% after a withdrawal of £35k from the General Endowment portion of the fund, and the Cathedral Benchmark of 8.6%.

At 31st December 2012 our total investments, excluding direct property holdings, totalled £2.74m, of which 59% were held in listed equity funds, 32% in fixed interest stocks, 5% in property funds and 4% in cash.

### **3.5 Maintenance Plan for the Cathedral and its Precincts**

A plan for regular routine maintenance of the Cathedral is in place and is managed by the Head Verger.

A list of costed priorities for more major pieces of work arising from the quinquennial inspection carried out during the year is used as the basis for seeking grant funding to enable the work to be undertaken.

As mentioned elsewhere in the Report, much progress has been made in reviewing the property portfolio and developing a clear estate strategy. An investment and a maintenance plan were drawn up during the year, based on the results of the survey and review.

### **3.6 Commentary on the 2012 results.**

Rochester Cathedral's finances remain on a firm footing following a relatively quiet year with a lower level of major capital works and the concentration of effort into completing the development phase of the second Heritage Lottery Funded Project, "Hidden Treasures, Fresh Expressions" (HTFE). This new project will bring forward major development plans for the Crypt. These accounts cover a full year to 31 December 2012 and direct comparatives with prior years, which was a nine month period, need to take this into account. The results for the year look very satisfactory in comparison to the prior period but again it should be noted that this year saw a much reduced capital programme, the deferral of some major property repairs and efforts being concentrated on the development phase of the HTFE project.

### **Ancient Stones, Untold Stories**

The Ancient Stones, Untold Stories project is now largely complete. The only aspect of the project that has not been successful has been our ability to generate sufficient visitor income following on from the great improvements in presentation and interpretation that the project has delivered. Both audio guide and guide book sales have continued to be very disappointing and significantly below projections, despite the excellent quality of both products. One consequence of the ending of the project is that we are faced with having to take on some of the costs previously paid for – notably the salary of the Interpretation Officer. We find that the visitor income generated from the improvements is insufficient in itself to cover these costs and with the departure of the existing Interpretation Officer we are examining other options in fulfilling this role and this has included the appointment of a part-time volunteer manager.

### **Planning for the Future**

An ongoing important objective this year has been to examine our strengths and opportunities and unlock potential to generate income in other areas. In particular we have continued to look at maximising the return from our property and investments. Following the earlier completion of an Estates Management Plan and the introduction of a new property management system, we have now additionally established a combined investment policy bringing together the property aspirations with the investments objectives. Consequently, we are now in a much better position to make important decisions about our property and investments. Whereas future years will see the benefits of this groundwork, the reinvestment of our other monetary assets has already produced good results – investment income rose to £105k in 2012 and was £56k in the 9 month period to 31 December 2011.

Following the generous response to a stewardship initiative in 2010, we have continued to seek every opportunity to increase the take-up of Gift Aid amongst congregation and visitors alike. Excluding specific appeals, giving including Gift Aid was £142k in 2012 from £106k (2011 – 9 months).

The final result on the general fund was a surplus of £13k, compared with the original budget of a £38k deficit. This now leaves our consolidated reserves at £365k, which compares with the expected level in our five-year forecast of £290k for the end of December 2012. Reserves have remained at 4 months expenditure on ordinary activities. However, this has only been achieved by deferring a number of capital projects.

### **Income**

Total income from all sources in the period was £1.6m. This reflected increased grant income arising from the HTFE project. Grants from Rochester Cathedral Trust increased from £19k to £52k. Giving was £142k compared to £106k (2011 – 9 months), although income for specific appeals (Chennai Appeal) held steady at £3k against £2k (2011 – 9 months). Grants receivable were boosted by grants from the Heritage Lottery Fund (£79k), The Henry Smith Charity (£10k) and the Friends of Rochester Cathedral (£100k) in respect of HTFE which formally started in January 2012. We were also very grateful for £20k (2011 £20k) from the Allchurches Trust, which was allocated towards the pioneer curacy and Cathedral projects.

Fees include charges to education groups and cathedral hire. These rose to £78k from £76k, 2011 had been boosted in part by fees from the BBC for the filming of Edwin Drood. Cathedral hire dropped back to £29k compared to £38k in 2011. Rents remained steady at £432k from £301k in 2011 and continues to reflect a higher than expected number of void periods relating to commercial lets on the High Street and also some vacancies in residential properties. The prospect for 2013 is more positive and a reduction of voids is anticipated. Other investment income was £105k. The endowment, invested with Quilters',

achieved a total return of 8.6% in the period, as compared to the Rochester Cathedral specialist benchmark which was also 8.6% for the same period. Overall, our total return was 8.4%, with capital gains amounting to £126k (2011 losses £63k).

### **Revaluation of Property**

We undertook the usual desk top exercise to adjust property values based on various indices and as a result we had gains in property values of £534 (2011 £328k). Growth of the value of commercial properties slowed in the year, but still increased by an average of 1.6%, but residential properties bounced back to show a gain of 2.7% (before a one off re-valuation of College Green).

### **Trading**

The Cathedral's trading arm, Rochester Cathedral Enterprises Ltd, experienced a difficult trading period with poor weather throughout the year adversely affecting customer numbers. Sales were up on 2011 equivalent levels by 12% reflecting the impact of some of the improvements recommended from the external consultancy carried out in 2011. Staffing costs were higher than expected due to increased levels of illness affecting several members of the team and re-organisation the front of house operation. It is anticipated that these changes will significantly improve the position for 2013. Refectory turnover was £244k resulting in a net loss of £10.4k (2011 profit £13.3k). The Welcome Desk continues to operate at a loss, but turnover was £7.3k up on the equivalent period last year. The hoped for breakeven in 2012 failed to materialise but sales were up 41% despite poor weather which experience shows directly affects sales. RCE Ltd gift-aided £Nil to the Cathedral in 2012 (2011 £9.6k).

### **Expenditure**

Operating expenditure was controlled well during the year with nearly all departments spending within their budget limits. With the assistance of generous grant aid, we were also able to carry out some important repair projects. As well as completion of the clock conservation (£1k) and on going restoration work to the Tudor Gateway (£4k), we continued to make preparations for the Crypt developments (£298k) completing the development phase of the works to the Crypt. Subsequent to this accounting period the Heritage Lottery Fund confirmed the award of £3.55m towards the HTFE Crypt project.

Funds for restricted purposes reduced £87k from £791k to £704k. The main reason for this was the expenditure relating to the HTFE development phase out grant received in prior years. The Father Smith Fund now stands at £286k. There were no significant drawings from Father Smith in the year. Other drawings included £36k subsidy for music drawn from the Mary J Smith (Barrett's Folly) Bequest. Designated funds increased by 7k from £62k to £69k. This is mainly due to the setting up of a new designated fund (Capital Improvement Fund) for the future repair and improvement of clergy housing. The Chancels Fund balance was £38.8k at the end of the year, the purpose of which is to enable the Cathedral to pay for repairs to parish chancels for which historically we are responsible.

Funds for restricted purposes reduced £87k from £791k to £704k. The main reason for this was the expenditure relating to the HTFE development phase out grant received in prior years. The Father Smith Fund now stands at £286k. There were no significant drawings from Father Smith in the year. Other

drawings included £36k subsidy for music drawn from the Mary J Smith (Barrett's Folly) Bequest. Designated funds increased by 7k from £62k to £69k. This is mainly due to the setting up of a new designated fund (Capital Improvement Fund) for the future repair and improvement of clergy housing. The Chancels Fund balance was £38.8k at the end of the year, the purpose of which is to enable the Cathedral to pay for repairs to parish chancels for which historically we are responsible.

### **Conclusion**

In summary, 2012 was a successful year in many ways. The Cathedral was not immune from prevailing economic conditions but generally it weathered them well. Previous years costs of repair to estate properties has meant that the unrestricted reserves remain below the level considered to be required. Despite this, we believe that the finances of the Cathedral remain in a sound and stable condition, with our focus clearly on future sustainability. We have successfully completed a bid for a second major project funded largely by HLF and look forward to work commencing in 2013. In property and investment planning we have established our plans to co-ordinate and monitor our assets so as to maximise income from existing sources, and attracted significant sums of grant aid. Realising that, as match funding this has the potential to attract even larger sums, the vision is to take the Cathedral even further forward in terms of both conservation and accessibility. We recognise that success in the Cathedral's mission and financial stability go hand in hand. The challenge is to progress into the future on both fronts together.

**The Very Rev'd Dr Mark Beach**  
**Dean**

**15 April 2013**



## 4 .StatutoryAccounts

ROCHESTER CATHEDRAL

---

ANNUAL REPORT &  
CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED  
31 DECEMBER 2012

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF ROCHESTER CATHEDRAL FOR THE YEAR ENDED 31 DECEMBER 2012**

---

We have audited the financial statements of Rochester Cathedral for the period ended 31 December 2012 which comprise the consolidated Statement of Financial Activities, the Consolidated and Entity-only 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 Cathedral Chapter, as a body, in accordance with section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the Dean and Chapter those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cathedral Chapter as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chapter and the auditors**

As explained more fully in section 2.7 of the Annual Report, the Chapter is responsible for the preparation of financial statements which give a true and fair view.

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.

### **Scope of the audit**

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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Dean and Chapter; and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Cathedral's and group's affairs as at 31 December 2012 and of its consolidated incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the regulations specified by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

### **Matters on which we report by exception**

We have nothing to report in respect of the following matters where we report to you if, in our opinion:

- the information given the Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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.

**haysmacintyre**  
**Statutory Auditors**

2013

**Fairfax House**  
**15 Fulwood Place**  
**London**  
**WC1V 6A**

RochesterCathedral

Consolidated Statement of Financial Activities  
for the year ended 31 December 2012

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012	Total Funds 2011 (€m)
<b>Incoming resources</b>	1	£000	£000	£000	£000	£000	£000
Voluntary income		135	2	140	28	305	136
Grants receivable		37	22	327	-	386	406
Charges and fees arising in the course of mission		78	-	-	-	78	76
Income from activities generating funds		276	-	-	-	276	198
Income from property and investments		506	-	34	-	540	360
Other incoming resources		-	-	-	-	-	-
<b>Total incoming resources</b>		<b>1,032</b>	<b>24</b>	<b>501</b>	<b>28</b>	<b>1,585</b>	<b>1,176</b>
<b>Costs of generating funds</b>	2	461	-	1	41	503	412
<b>Net incoming resources available for mission</b>		<b>571</b>	<b>24</b>	<b>500</b>	<b>(13)</b>	<b>1,082</b>	<b>764</b>
<b>Resources expended on mission</b>	3						
Ministry & music		393	-	115	-	508	372
Cathedral and precincts upkeep		230	2	18	-	250	213
Education and outreach		77	-	1	-	78	52
Community, parish and congregation		25	1	-	-	26	19
Other expenditure on mission		4	30	311	-	345	139
<b>Total resources expended on mission</b>		<b>729</b>	<b>33</b>	<b>445</b>	<b>-</b>	<b>1,207</b>	<b>795</b>
<b>Governance costs</b>		9	-	-	-	9	9
<b>Net (outgoing) incoming resources</b>		<b>(167)</b>	<b>(9)</b>	<b>55</b>	<b>(13)</b>	<b>(134)</b>	<b>(40)</b>
<b>Other recognised gains (losses)</b>							
Property	6/8	-	-	-	534	534	328
Investments	7	26	-	39	61	126	(63)
<b>Gross transfers between funds</b>		<b>154</b>	<b>16</b>	<b>(170)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>13</b>	<b>7</b>	<b>(76)</b>	<b>582</b>	<b>526</b>	<b>225</b>
Total funds brought forward		352	62	791	15,629	16,834	16,609
<b>Total funds carried forward</b>	13/14/15	<b>365</b>	<b>69</b>	<b>715</b>	<b>16,211</b>	<b>17,360</b>	<b>16,834</b>

The notes numbered 1 to 26 together with the accounting policies on page 21 form part of these accounts.

RochesterCathedral

Consolidated Balance Sheet  
as at 31 December 2012

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012	Total Funds 2011
		£000	£000	£000	£000	£000	£000
<b>Fixed Assets</b>							
<b>Investment assets</b>							
Property	6	-	-	-	10,069	10,069	9,654
Other investments	7	348	39	729	1,628	2,744	2,658
		348	39	729	11,697	12,813	12,312
<b>Non investment assets</b>							
Property	8	-	-	-	4,342	4,342	4,223
Plant & equipment	9	41	-	-	-	41	34
		41	-	-	4,342	4,383	4,257
<b>Total fixed assets</b>		<b>389</b>	<b>39</b>	<b>729</b>	<b>16,039</b>	<b>17,196</b>	<b>16,569</b>
<b>Current Assets</b>							
Stocks	10	11	-	-	-	11	8
Debtors	11	139	-	29	-	168	207
Short term deposits		-	-	-	-	-	50
Cash at bank and in hand		92	30	(42)	172	252	331
		242	30	(13)	172	431	596
<b>Liabilities due within one year</b>							
Creditors	12	(266)	-	(1)	-	(267)	(332)
		(266)	-	(1)	-	(267)	(332)
<b>Net current assets</b>		<b>(24)</b>	<b>30</b>	<b>(14)</b>	<b>172</b>	<b>164</b>	<b>264</b>
<b>Liabilities due after one year</b>							
		-	-	-	-	-	-
<b>Net assets</b>		<b>365</b>	<b>69</b>	<b>715</b>	<b>16,211</b>	<b>17,360</b>	<b>16,833</b>
<b>Funds</b>							
General Fund		366	-	-	-	366	338
Rochester Cathedral Enterprises		(1)	-	-	-	(1)	13
Father Smith Bequest		-	-	286	-	286	258
Mary Johnson (Banett's Folly) Bequest		-	-	272	-	272	290
Ancient Stones Untold Stories (HIF)		-	-	4	-	4	6
Hidden Treasures Fresh Expressions (HIF)		-	-	2	-	2	101
Other funds		-	69	151	-	220	198
Endowment		-	-	-	16,211	16,211	15,629
<b>Total funds</b>	13/14/15	<b>365</b>	<b>69</b>	<b>715</b>	<b>16,211</b>	<b>17,360</b>	<b>16,833</b>

The notes numbered 1 to 26 together with the accounting policies on page 21 form part of these accounts.

Approved by Chapter on 15 April 2013 and signed on its behalf by

The Very Revd Dr Mark Beach  
Dean

Mr Paul Hudson  
Chapter Member

## Rochester Cathedral

### Balance Sheet - Cathedral only as at 31 December 2012

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012	Total Funds 2011
		£000	£000	£000	£000	£000	£000
<b>Fixed Assets</b>							
<b>Investment assets</b>							
Property	6	-	-	-	10,069	10,069	9,654
Investments	7	348	39	729	1,628	2,744	2,658
		348	39	729	11,697	12,813	12,312
<b>Non investment assets</b>							
Property	8	-	-	-	4,342	4,342	4,223
Plant & equipment	9	13	-	-	-	13	12
		13	-	-	4,342	4,355	4,235
<b>Total fixed assets</b>		<b>361</b>	<b>39</b>	<b>729</b>	<b>16,039</b>	<b>17,168</b>	<b>16,547</b>
<b>Current Assets</b>							
Debtors	11	157	-	29	-	186	225
Short term deposits		-	-	-	-	-	50
Cash at bank and in hand		84	30	(42)	172	244	306
		241	30	(13)	172	430	581
<b>Liabilities due within one year</b>							
Creditors	12	(236)	-	(1)	-	(237)	(309)
		(236)	-	(1)	-	(237)	(309)
<b>Net current assets</b>		<b>5</b>	<b>30</b>	<b>(14)</b>	<b>172</b>	<b>193</b>	<b>272</b>
<b>Net assets</b>		<b>366</b>	<b>69</b>	<b>715</b>	<b>16,211</b>	<b>17,361</b>	<b>16,819</b>
<b>Funds</b>							
General Fund		366	-	-	-	366	337
Father Smith Bequest		-	-	286	-	286	258
Mary Johnson Bequest		-	-	272	-	272	290
Ancient Stones Untold Stories (HIF)		-	-	4	-	4	6
Hidden Treasures Fresh Expressions (HIF)		-	-	2	-	2	101
Other funds		-	69	151	-	220	198
Endowment		-	-	-	16,211	16,211	15,629
<b>Total funds</b>	13/14/15	<b>366</b>	<b>69</b>	<b>715</b>	<b>16,211</b>	<b>17,361</b>	<b>16,819</b>

The notes numbered 1 to 26 together with the accounting policies on page 21 form part of these accounts.

Approved by Chapter on 15 April 2013 and signed on its behalf by

The Very Rev'd Dr Mark Beach  
Dean

Mr Paul Hudson  
Chapter Member

## Rochester Cathedral

### Accounting Policies - For the year ended 31 December 2012

#### Basis of preparation

The accounts have been prepared under the historical cost convention with two exceptions:

- investment assets and properties for Cathedral use are included at current valuation, and
- the Cathedral and its inventory are not included.

The accounts are stated in accordance with the provisions of the November 2006 Regulations on Accounting and Reporting by English Anglican Cathedrals prepared for the Association of English Cathedrals and specified by the Church Commissioners under section 27 of the Cathedrals

#### Basis of consolidation

The consolidated accounts comprise those of the Cathedral and of its wholly owned subsidiary company Rochester Cathedral Enterprises Ltd.

#### Type of funds

A fund is an amount set aside for specific purposes in accordance with the circumstances under which the resources were originally received. Funds are divided into:

- Endowment funds. These are restricted funds where the capital must be held permanently.
- Restricted funds. These have specific conditions attached to the expenditure of capital and income.
- Designated funds. These are unrestricted funds set aside by Chapter for specific purposes.
- Unrestricted funds. Chapter have the discretion to spend both capital and income.

#### Property

Property valuations have been included on the Balance Sheet on the following basis:

- Investment properties - market value
- Non - investment properties - existing use value

The Cathedral's policy is to revalue the properties every five years.

No value has been attributed on the balance sheet to the Cathedral itself or to its ancillary buildings. This is on the basis that information on the cost or valuation of these is not available and could not be obtained at a cost proportionate to the benefits of the users of the accounts. This is as provided for in section 7.2.1 of the Accounting and Reporting Regulations for English Anglican Cathedrals and is consistent with the requirements of FRS30 Heritage Assets.

#### Heritage assets

Under S13 (1) of the Care of Cathedrals Measure 1990, Cathedrals are required to keep an inventory of items owned by the Cathedral that are of architectural, archaeological, artistic or historic interest. The measure also issues strict guidelines about the acquisition and disposal of such assets.

No value is attributed to these assets on the balance sheet in accordance with section 7.2.2 of the Accounting and Reporting Regulations for English Anglican Cathedrals. The Chapter have further considered the requirements of FRS30 Heritage Assets, which post-dates the Regulations, and are of the opinion that the policy is compliant with this standard on the basis that information on cost or valuation of the assets is not available and could not be obtained at reasonable cost.

#### Investments

Investments are included at market value based on their bid market value.

Realised gains and losses on sale of investments represent proceeds of sale less the appropriate proportion of the opening carrying value and are shown in the Statement of Financial Activities

Unrealised gains and losses on revaluation of investments are also shown in the Statement of Financial Activities.

#### Fixed assets

Computer equipment and other assets over £500 are capitalised and written off on a straight line basis over the life of the asset. The rates generally applicable are:

Computer & IT equipment	3 years
Other plant, machinery, furniture or fittings	5 years

#### Stock

Retail and catering stocks are stated at the lower of cost and net realisable value.

**Legacies** are accounted for when received.

#### Grants

Grants are defined as sums receivable from trusts and public bodies, payment of which is determined by compliance with determined criteria. Grants are accounted for when due.

#### Third Party receipts and payments

The Church Commissioners pay the stipends of the Dean, the Precentor and the Canon Pastor. The stipends of the Archdeacon of Rochester and Canon Missioner are paid by the Diocese, and 20% of these costs are attributable to the Cathedral. The amounts are shown in a Restricted Fund in the Statement of Financial Activities, both under grants received and under clergy costs.

**Rochester Cathedral**

**Notes to the Accounts - For the year ended 31 December 2012**

1. Incoming resources	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2012 £000	Total 2011 (0m) £000
<b>(i) Voluntary income</b>						
Congregational collections and giving	77	-	-	-	77	56
Donations	36	2	11	-	49	39
Income from appeals & fundraising	-	-	-	-	-	-
Tax recovered under Gift Aid	16	-	-	-	16	12
Income from supporter groups & trusts						
Friends of Rochester Cathedral	6	-	105	-	111	10
Rochester Cathedral Trust (see note below)	-	-	24	28	52	19
Legacies (Under £500 in 2012)	-	-	-	-	-	-
	<u>135</u>	<u>2</u>	<u>140</u>	<u>28</u>	<u>305</u>	<u>136</u>
<b>(ii) Grants receivable</b>						
Church Commissioners	37	21	201	-	259	139
Diocese	-	-	16	-	16	12
Heritage Lottery Fund	-	-	79	-	79	157
Other grants	-	1	31	-	32	98
	<u>37</u>	<u>22</u>	<u>327</u>	<u>-</u>	<u>386</u>	<u>406</u>
<b>(iii) Charges and fees arising in the course of mission</b>						
Fees	78	-	-	-	78	76
	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>76</u>
<b>(iv) Income from activities generating funds</b>						
Charges to visitors	7	-	-	-	7	7
Retail	25	-	-	-	25	14
Catering	244	-	-	-	244	177
	<u>276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276</u>	<u>198</u>
<b>(v) Income from investments</b>						
Investment property income	432	-	-	-	432	302
Other investment income	72	-	34	-	106	56
Interest from short-term deposits	2	-	-	-	2	2
	<u>506</u>	<u>-</u>	<u>34</u>	<u>-</u>	<u>540</u>	<u>360</u>
<b>(vi) Other incoming resources</b>						
Insurance claims	-	-	-	-	-	-
	<u>1,032</u>	<u>24</u>	<u>501</u>	<u>28</u>	<u>1,585</u>	<u>1,176</u>

Income from Rochester Cathedral Trust included a transfer of £4k from the Music Endowment, which is shown as a separate endowment to the Cathedral's existing endowments. (see note 15).

2. Costs of generating funds	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2012 £000	Total 2011 (0m) £000
Facilities for visitors	11	-	-	-	11	8
Services directly recoverable	13	-	-	-	13	6
Retail	29	-	-	-	29	18
Catering	255	-	-	-	255	163
Marketing costs	1	-	-	-	1	1
Costs of appeals and fundraising	5	-	-	-	5	4
Investment property costs						
Estate projects (Note 4)	7	-	-	35	42	116
Other investment property costs	84	-	-	-	84	55
Investment management	-	-	1	6	7	4
Support costs	56	-	-	-	56	37
	<u>461</u>	<u>-</u>	<u>1</u>	<u>41</u>	<u>503</u>	<u>412</u>

The cost of generating funds is any cost directly attributable to the income generated and not associated with specific areas of ministry (see below). Cost of generating fund includes costs of generating income through Rochester Cathedral Enterprises Ltd.

# Rochester Cathedral

## Notes to the Accounts - For the year ended 31 December 2012

3. Expenditure on mission	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2012 £000	Total 2011 (9m) £000
<b>(i) Ministry &amp; music</b>						
Clergy stipends and working expenses	-	-	115	-	115	77
Clergy housing costs	13	-	-	-	13	10
Clergy support costs	57	-	-	-	57	50
Services and music	263	-	-	-	263	195
Ministry support costs	60	-	-	-	60	40
	<u>393</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>508</u>	<u>372</u>
<b>(ii) Cathedral and precincts upkeep</b>						
Major projects (note 4)	-	-	14	-	14	55
Maintenance and interior upkeep	130	-	4	-	134	90
Insurance	24	-	-	-	24	15
Precincts security and gardens upkeep	40	2	-	-	42	31
Support costs	36	-	-	-	36	22
	<u>230</u>	<u>2</u>	<u>18</u>	<u>-</u>	<u>250</u>	<u>213</u>
<b>(iii) Education and outreach</b>						
Educational activities	66	-	-	-	66	43
Archives & library	1	-	-	-	1	1
Charitable giving	-	-	1	-	1	2
Support costs	10	-	-	-	10	6
	<u>77</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>78</u>	<u>52</u>
<b>(iv) Community, parish and congregation</b>						
Community, parish and congregation costs	19	1	-	-	20	15
Support costs	6	-	-	-	6	4
	<u>25</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>19</u>
<b>(v) Other expenditure on mission</b>						
Interest and similar charges	2	-	-	-	2	1
Care of chancels	2	30	4	-	36	4
Development initiatives	-	-	-	-	-	4
Interpretation project (HLF) (Note 4)	-	-	307	-	307	129
	<u>4</u>	<u>30</u>	<u>311</u>	<u>-</u>	<u>345</u>	<u>138</u>
	<u>729</u>	<u>33</u>	<u>445</u>	<u>-</u>	<u>1,207</u>	<u>794</u>

### 4. Major Projects - gross cost (Note 2)

	Start date	Dec 2012 Funds £000	Dec 2011 Funds £000	Mar 2011 Funds £000	Mar 2010 Funds £000	Total Funds £000
<b>Estate Projects</b>						
East Canonry refurbishment	2010/11	6	19	8	5	38
78 High Street floor repair	2010/11	(11)	58	-	-	47
Phoenix House external repairs	2011	-	9	-	-	9
Phoenix House refurbishment	2011	-	7	-	-	7
Flat 1a College Yard refurbishment	2011	-	6	-	-	6
Precinct Panty roof repairs	2011	-	13	-	-	13
70 High Street		(7)	-	-	-	(7)
Prebendal House	2012	7	-	-	-	7
70 High Street - window	2012	35	-	-	-	35
Deanery Wall	2012	7	-	-	-	7
Others under £5,000	2010/11	5	4	18	79	106
		<u>42</u>	<u>116</u>	<u>26</u>	<u>84</u>	<u>268</u>



**Rochester Cathedral**  
**Notes to the Accounts - For the year ended 31 December 2012**

4. Major Projects - gross cost (Note 2)		Dec 2012	Dec 2011	Mar 2011	Mar 2010	Total
	Start date	Funds	Funds	Funds	Funds	Funds
Cathedral major projects (Note 3)		£000	£000	£000	£000	£000
Crypt major works	2008/09	-	31	50	1	82
Treasury Roof	2009/10	4	-	218	75	
Tudor Gateway	2010/11	4	9	-	-	13
Clock conservation	2010/11	1	10	6	-	17
Others under £5,000	2010/11	5	5	10	7	27
Other Projects (not ongoing)	2009/10	-	-	68	190	258
		14	55	352	273	397

**Heritage Lottery Fund project**

In April 2008, the Cathedral was awarded a grant of £931,000 by the Heritage Lottery Fund for improving access and interpretation in the Cathedral. The total value of the project entitled 'Ancient Stones Untold Stories' is £1,295,000, of which £1,290,836 was spent by 31st December 2012.

**5. Support costs**

Support costs, which are the running costs of administration, are allocated to the different expenditure headings on the basis of the number of full-time staff in each department. The support costs are apportioned as follows to the main expenditure headings:

	Direct costs	Support costs	Total 2012	Total 2011 (9m)
	£000	£000	£000	£000
Funds generation	447	56	503	412
Ministry	448	60	508	372
Cathedral and precincts upkeep	214	36	250	213
Education and outreach	68	10	78	52
Community, parish and congregation	20	6	26	19
Governance	9	-	9	9
	1,206	168	1,374	1,077

**6. Investment property**

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2012	Total 2011
	£000	£000	£000	£000	£000	£000
Value at 1st January 2012	-	-	-	9,654	9,654	9,549
Gain on revaluation	-	-	-	415	415	105
Value at 31st December 2012	-	-	-	10,069	10,069	9,654

The Cathedral's properties were revalued by Robert Wickham FRICS, an external valuer, as at March 2007 and revised for values up to December 2012 with reference to external benchmark data.

All properties are held at freehold value, and none are held by the subsidiary company.

**7. Other investments**

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2012	Total 2011
	£000	£000	£000	£000	£000	£000
Value at 1st January 2012	319	38	716	1,585	2,658	2,739
Additions/disposals	1	1	(26)	(15)	(39)	(17)
Net increase on disposals and revaluation	28	-	39	58	125	(64)
Value at 31st December 2012	348	39	729	1,628	2,744	2,658
Listed equity securities	41	-	264	1,012	1,317	1,306
Listed fixed interest stocks	21	-	391	476	888	811
CBF Church of England Funds	286	-	20	-	306	278
CBF Property Funds	-	-	-	135	135	147
Cash investments	-	39	54	5	98	116
	348	39	729	1,628	2,744	2,658

The majority of the Cathedral's equity and stock investments are held in managed funds overseen by fund managers Quilter.

No individual equity holding amounts to over 5% of the total value of investments.

No investments are held by the subsidiary company.

**8. Non-investment property**

	Unrestricted Funds	Examined Funds	Restricted Funds	Endowment Funds	Total 2012	Total 2011
	£000	£000	£000	£000	£000	£000
Freehold value at 1st January 2012	-	-	-	4,223	4,223	4,000
Net increase/(decrease) in revaluation	-	-	-	119	119	223
Freehold value at 31st December 2012	-	-	-	4,342	4,342	4,223
For Cathedral use	-	-	-	4,172	4,172	4,053
For Trading purposes	-	-	-	170	170	170
	-	-	-	4,342	4,342	4,223

No investment properties are held by the subsidiary company.

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2012

#### 9. Plant and equipment

	Plant £000	Computer Equipment £000	Fixtures & Fittings £000	Total 2012 £000	Total 2011 £000
Cost brought forward at 1st January 2012	53	30	46	129	119
Additions	14	4	1	19	10
Disposals	(4)	-	-	(4)	-
Cost carried forward at 31st December 2012	63	34	47	144	129
Depreciation brought forward at 1st January 2012	41	26	28	95	87
Charge for year	7	3	2	12	8
On disposals	(4)	-	-	(4)	-
Depreciation carried forward at 31st December 2012	44	29	30	103	95
Net book value	19	5	17	41	34

Of the above, a net book value of £27.8k is held by the subsidiary company.

#### 10 Stocks

	Retail £000	Catering £000	Total 2012 £000	Total 2011 £000
Value at lower of cost or net realisable value	8	3	11	8

All the stocks above are held in the subsidiary company.

#### 11 Debtors due within one year

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2012 £000	Total 2011 £000
Trade debtors	51	-	-	-	51	68
Grants	-	-	27	-	27	51
Other	68	-	2	-	70	74
Prepayments	18	-	-	-	18	14
	137	-	29	-	166	207

Of the above, £0.6k are held in the subsidiary company.

#### 12. Creditors falling due within one year

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2012 £000	Total 2011 £000
Trade creditors	42	-	-	-	42	58
Other	198	-	1	-	199	73
Accruals and deferred income	29	-	-	-	29	201
	269	-	1	-	270	332

Of the above, £29.5k are held in the subsidiary company.

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2012

13. Designated Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2012			Movements		31 Dec 2012
	£	£	£	£	£	£
Chancel's Sinking Fund	37,802	21,309	(30,230)	-	10,000	38,881
Music Outreach Fund	9,239	-	-	-	-	9,239
AngelSpace	3,775	-	-	-	-	3,775
Education Fund	2,508	1,425	(214)	-	-	3,719
Signage	2,235	-	(2,235)	-	-	-
Missioner Fund	2,212	-	-	-	-	2,212
Concert	-	-	-	-	-	-
Precentors Fund	236	-	-	-	-	236
Pastor's Fund	747	1,100	(514)	-	-	1,333
India Travel Fund	534	300	-	-	-	834
Stewards Fund	162	52	-	-	-	214
Dean's Fund	322	-	-	-	-	322
Junior Church Fund	1,296	-	(4)	-	-	1,292
Cathedral lighting	1,000	-	-	-	-	1,000
Capital Improvement Fund	-	-	-	-	6,178	6,178
Friends of RC Cheny picker	546	-	-	-	(546)	-
	<b>62,614</b>	<b>24,186</b>	<b>(33,197)</b>	<b>-</b>	<b>15,632</b>	<b>69,235</b>

#### Designated Funds - description

Chancel's Sinking Fund	To provide for future repairs to parish church chancel's (note 23)
Music Outreach Fund	To support the music outreach programme
AngelSpace	To promote the AngelSpace event in the Cathedral.
Education Fund	To support development education work
Signage	Part of BBC fees set aside for signage work in 2012
Missioner Fund	Canon Missioner's discretionary fund
Concert	To sponsor music in the Cathedral
Precentors Fund	Canon Precentor's discretionary fund
Pastor's Fund	Canon Pastor's discretionary fund
India Travel Fund	To assist travel to Cathedral supported projects in Chennai
Stewards Fund	To support costs and training of cathedral stewards
Dean's Fund	Dean's discretionary fund
Junior Church Fund	To support costs and set-up of Junior Church
Cathedral lighting	To improve lighting within the Cathedral
Capital Improvement Fund	To provide for future repairs and improvements to clergy housing
Friends of RC Cheny picker	A gift in 2007 to buy the Cathedral cheny picker. The expenditure charged to the fund is the annual depreciation on the asset.

**Rochester Cathedral**

**Notes to the Accounts - For the year ended 31 December 2012**

14. Restricted Funds	Balance at	Investment			Balance at
	01 Jan 2012	Incom e	Expenditure	M ovem ents	31 Dec 2012
	£	£	£	£	£
Church Com missioners'Restricted	-	217,318	(119,028)	-	-
Father Sm ith Bequest	258,032	13,914	(1,206)	15,663	286,403
M ary J Sm ith (Banett's Folly) Bequest	289,744	-	-	18,641	272,385
H J Hoby Bequest - Capital	71,810	-	(201)	4,449	76,058
H J Hoby Bequest - Income	8,431	3,191	-	-	11,622
Doris Co In ore Peters Bequest	20,663	182	-	-	20,845
Ancient Stones Untold Stories (HIF)	6,359	627	(2,822)	-	4,164
Hidden Treasures Fresh expressions (HIF2)	111,301	189,000	(297,965)	-	2,336
- Pre Development Phase costs	(10,475)	-	-	-	-
Cathedral Projects fund	1,221	27,582	(14,283)	-	-
M usic fund	-	36,359	-	-	(36,359)
Organ Sinking Fund	17,139	1,890	(4,006)	-	20,023
Roman Wall Fund	7,724	-	-	-	7,724
Chennai project fund	3,556	3,071	-	-	6,627
Com m unity Play	2,295	3,861	(6,156)	-	-
Homeless (Emmaus)	-	1,500	(500)	-	1,000
Garth Roses	1,253	2,130	(472)	-	2,911
Embroidery fund	1,331	12	(35)	-	1,308
Library Fund	769	7	-	-	776
Choir fund	500	-	-	-	500
	<b>791,653</b>	<b>500,644</b>	<b>(446,674)</b>	<b>38,753</b>	<b>(169,694)</b>

**Restricted Funds - description**

Restricted Funds - description		Incom e/ capital
Church Com missioners'Restricted	To meet stipends and associated costs of clergy	Both
Father Sm ith Bequest	This fund derived from the will of Revd CL Sm ith. It is to be applied in constructive work in connection with the Cathedral, for example the reconditioning of a Chapel. Both income and capital may be used.	Both
M ary J Sm ith (Banett's Folly) Bequest	For supporting music in the Cathedral.	Both
H J Hoby Bequest	This fund derived from the estate of H J Hoby. The Capital is to be retained intact with the income to be used for Cathedral fabric and Music, particularly Music.	Residue - income only
Doris Co In ore Peters Bequest	For work with youth and children	Both
Ancient Stones Untold Stories (HIF)	For the interpretation project funded by the Heritage Lottery Fund. It includes grants from the HLF and Rochester Cathedral Trust.	Both
Hidden Treasures Fresh Expressions (HIF2)	For the Crypt development project funded by Heritage Lottery Fund, with additional funding from the Collyer Ferguson Trust, Garfield Weston Trust, Friends of Rochester Cathedral and Rochester Cathedral Trust.	Both
Cathedral Projects Fund	For projects specifically funded by outside bodies	Both
M usic Fund	For the provision of music. From the Music Endowment	Both
Organ Sinking Fund	For the future refurbishment of the organ	Both
Roman Wall Fund	For maintenance of the Roman Wall	Both
Chennai project fund	For constructing a church near Chennai, India	Both
Com m unity Play	Specific grant funding for the Community Play in 2012	Both
Garth Roses	For acquiring new roses for the Garth	Both
Embroidery Fund	For restoration of the Library curtains and other embroidery projects	Both
Library Fund	For purchases and running costs of the library	Both
Choir Fund	For Choir recruitment brochures	Both

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2012

15. Endowment Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2012			Movements		31 Dec 2012
	£	£	£	£	£	£
General endowment	15,274,152	-	(39,575)	577,713	-	15,812,290
Music endowment	355,280	27,518	(1,308)	16,992	-	398,482
	<u>15,629,432</u>	<u>27,518</u>	<u>(40,883)</u>	<u>594,705</u>	<u>-</u>	<u>16,210,772</u>

#### Endowment Funds - description

Endowment Funds - description	Income/capital
General endowment	Permanent endowment to generate income for the Cathedral
Music Endowment	Raised by Rochester Cathedral Trust for the provision of music

#### 16. Staff numbers

The average full time equivalent number of paid staff working for the Cathedral during the year was 30 (Mar 2011: 30).

	No.
Funds generation	9.0
Ministry	8.7
Cathedral and precincts upkeep	6.0
Education and outreach	1.6
Community, parish and congregation	0.9
Administration and finance	2.8
Heritage Lottery Fund project	1.5
	<u>30.5</u>

Of the above, members of Chapter numbered 34 (2011: 34)

#### 17. Staff costs

Salaries & Stipends	Employers' NI	Employers' Pension	Total 2012	Total 2011 (£m)
£000	£000	£000	£000	£000
759	53	44	856	641

The aggregate remuneration of Chapter members included above was £140.3k (2011 - 9m : £77.5k). See note 20.

#### 18. Pensions

The Cathedral participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. The assets of the scheme are held separately from those of the Dean and Chapter in an independently administered fund. The costs of the scheme are charged in the accounts and are shown in note 17.

#### 19. Emoluments of higher paid staff

No member of staff was paid more than the disclosure limit of £60,000.

#### 20. Remuneration of members of Chapter

The remuneration of the members of Chapter lay within the following bands:

	Stipend (incl Employers NI)	Employers' Pension
The Dean (from May 2012)	21,907	6,279
Canon Precentor	27,277	8,073
Canon Pastor	27,568	8,073
Archdeacon (20% attributable to the Cathedral)	6,870	2,018
Canon Missioner (20% attributable to the Cathedral)	5,537	1,615

The remuneration and pension provision of clerical members of Chapter are paid in accordance with scales laid down annually by the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board. No remuneration was paid to lay members of Chapter in their capacity as Chapter members.

£3,734 (2011 - 9 months: £2,859) in expenses were paid in total to the 8 (2011: 8) members of Chapter during the year. Expenses comprised travel, entertainment, gifts and departmental expenses.

#### Related Party Transactions

The following related party transactions have been identified:

		£
Revd P Kerr - Cathedral Chaplain	Husband of Canon J Kerr	10,157
Miss E Heskeith - Tea Rooms Assistant	Daughter of Canon Dr P Heskeith	1,437
Mr T Burton-Jones - Tea Rooms Assistant	Son of Ven S Burton-Jones	3,891

All payments were on terms similar to non-related parties and there were no balances owing at the end of the year.

#### 21. Auditors remuneration

Auditors' remuneration for audit services amounted to £8,874 (Mar 2011: £8,800)

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2012

#### 22. Commitments

The Dean & Chapter had the following contractual commitments at the end of the year:

Commercial Property Repairs

Committed  
for future  
£000

-

#### 23. Contingent Liability

The Dean & Chapter have a legal responsibility for the maintenance and repair of 25 parish church chancels. They are entitled to claim 66.6% of the costs incurred from the Church Commissioners.

#### 24. Consolidated entities

Rochester Cathedral Enterprises Ltd is wholly owned by the Cathedral, and its results and assets have been consolidated into these accounts. The company gift-aided £Nil to the Cathedral during the period (2011: £9,600).

#### 25. Connected entities

Two entities exist which are wholly for the benefit of the Cathedral, but which are not under its control: being Rochester Cathedral Trust and Friends of Rochester Cathedral.

Only income received or receivable from the entities is included in the accounts.

Relevant information about their income and assets is:

	Friends of Rochester Cathedral		Rochester Cathedral Trust	
	p/e 31/12/12	y/e 29/2/12	y/e 31/12/12	p/e 31/12/11
	£000	£000	£000	£000
	(Draft)			
Gross income	42	48	238	92
Net income	(61)	(11)	113	17
Amount paid to the Cathedral	113	19	69	33
Gross Assets	1,097	1,159	266	149
Net Assets	1,090	1,151	258	145

#### 26. Heritage Assets

The Cathedral owns a number of assets that are of architectural, archaeological, artistic or historic interest and which would be considered to be heritage assets. As stated in the Accounting Policies note, no value is placed on these assets in the balance sheet.

##### Nature of assets

Heritage assets fall into the following categories:

- Paintings
- Plate
- Textiles (including robes and altar linen)
- Books
- Stained Glass
- Monuments and Ledgers
- Miscellaneous (including bells, organs, clocks, and lights).

No items included in the inventory have been disposed of in the period and no items acquired which would warrant inclusion in the inventory.

##### Acquisition, disposal, preservation and management of heritage assets

Under section 13 (1) of the Care of Cathedrals Measure 1990, Cathedrals are required to keep an inventory of items owned by the Cathedral that are of architectural, archaeological, artistic or historic interest.

Section 2 (b) and (c) of the Measure also issues strict guidelines about the acquisition and disposal of such assets.

Many of the heritage assets held are situated within the Cathedral itself and can be viewed by visitors to the Cathedral. From time to time, the Dean and Chapter will grant public access to certain heritage assets such as the exhibition in July 2010 of the Textus Roffensis, the earliest written record of the English language.