

INDEPENDENT AUDITOR'S REPORT TO

THE DEAN AND CHAPTER OF CHICHESTER (CONTINUED)

Basis of Opinion

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

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

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Dean and Chapter of Chichester as at 31 March 2006 and of its surplus for the year then ended.

In our opinion the information given in the Annual Report is consistent with the financial statements.

Sheen Stickland WA

**SHEEN STICKLAND LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
CHICHESTER**

Dated 18th September 2006

THE DEAN AND CHAPTER OF CHICHESTER

YEAR ENDED 31ST MARCH 2006

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with fundamental accounting principles and under the Guidelines on English Anglican Cathedral Accounts prescribed by the Church Commissioners.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise those of the Chapter and of its wholly owned subsidiary company Chichester Cathedral Enterprises Limited.

FUNDS

A fund is a pool of expendable resources, held and maintained separately from other pools because of the circumstances in which the resources were originally received and the way in which they have subsequently been treated.

Funds are divided into:-

- (a) Endowment funds – those where there is no power to spend the capital
- (b) Restricted funds – those where there are specific conditions attached to the expenditure of either capital or income or both
- (c) Unrestricted funds – those where both capital and income may be spent at the discretion of the Dean and Chapter.

THE CATHEDRAL, ITS ANCILLARY BUILDINGS AND THE INVENTORY

In accordance with the Guidelines on English Anglican Cathedral Accounts, no value is attributed in the balance sheet to the cathedral and its ancillary buildings as it is an inalienable and historic building for which no reliable cost information or conventional valuation basis is available.

No value is attributed to items included in the Cathedral inventory which comprises items of architectural, archaeological, artistic or historic interest.

PROPERTIES

Investment properties are included at an open market valuation of the freehold and leasehold investments.

The non investment properties are included at a nominal value.

INVESTMENTS

Investments are included in the financial statements as follows:

- (a) Investments are shown at their middle market value on 31st March 2006.
- (b) Realised gains and losses are calculated as the difference between their market value on the date of disposal and their market value on the previous balance sheet date.

EQUIPMENT AND PLANT

CHAPTER:-

Plant, machinery, office equipment, furniture and fittings and other assets not included in the Inventory have been written off.

The policy is to write such items off on acquisition.

The costs associated with automation are written off as incurred due to changing technology and the need to regularly update.

CHICHESTER CATHEDRAL ENTERPRISES LIMITED:-

Assets are capitalised and depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:-

Furniture	10%
Equipment	20%
Office equipment	25%

**THE DEAN AND CHAPTER OF CHICHESTER
YEAR ENDED 31ST MARCH 2006
ACCOUNTING POLICIES**

STOCKS

Shop and refectory stocks are stated at the lower of cost and net realisable value.

VALUE ADDED TAX

A group registration for the Dean and Chapter and Chichester Cathedral Enterprises Ltd is in operation. Irrecoverable VAT is included in the cost of the items reported in the financial statements.

GRANTS AND LEGACIES

These are treated as income as received and charged to expenditure when paid.

REPAIRS, RESTORATION AND MAINTENANCE OF THE CATHEDRAL

Expenditure on repairs, restoration and maintenance of the Cathedral is charged as incurred.

CONTRIBUTIONS TO PENSION SCHEMES

The pension costs charged to the accounts represent the amount of the contributions in respect of the accounting period.

**THE DEAN AND CHAPTER OF CHICHESTER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2006**

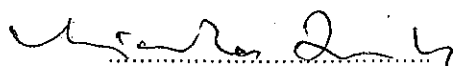
	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
Incoming resources	1					
(i) Voluntary income		402,313	344,260	-	746,573	518,403
(ii) Grants receivable		3,045	123,101	-	126,146	126,097
(iii) Charges and fees arising in the course of mission		34,909	-	-	34,909	33,518
(iv) Income from activities generating funds		382,060	-	-	382,060	462,915
(v) Income from property and investments		607,687	43,949	56,508	708,144	681,453
(vi) Other income		6,126	726	-	6,852	4,953
Total incoming resources		1,436,140	512,036	56,508	2,004,684	1,827,339
Costs of generating funds	2	438,163	-	3,175	441,338	465,519
Net incoming resources available for mission		997,977	512,036	53,333	1,563,346	1,361,820
Expenditure on mission	3					
(i) Ministry		338,334	93,593	444	432,371	421,057
(ii) Cathedral and precincts upkeep		396,204	25,366	-	421,570	317,757
Cathedral restoration		-	403,378	-	403,378	230,161
Cathedral Enterprises Project		678,098	-	-	678,098	-
Chantry refurbishment		924	-	-	924	251,628
(iii) Education and outreach		71,287	1,910	34	73,231	71,626
(iv) Community parish and congregation		544	-	-	544	-
(v) Administrative services		218,076	1,550	-	219,626	188,234
(vi) Other services		16,751	-	-	16,751	8,617
Total expenditure on mission		1,720,218	525,797	478	2,246,493	1,489,080
Total expenditure on generating funds and on mission		2,158,381	525,797	3,653	2,687,831	1,954,599
Net incoming / (outgoing) resources		(722,241)	(13,761)	52,855	(683,147)	(127,260)
Gains (losses) on revaluations and disposals of property and investments						
Investment property		3,688,000	-	-	3,688,000	-
Investments		51,129	137,457	150,738	339,324	195,958
Non investment property		-	-	-	-	-
		3,739,129	137,457	150,738	4,027,324	195,958
Gross transfers between funds	19/20/21	53,301	(5,304)	(47,997)	-	-
Net increase / (decrease) in funds		3,070,189	118,392	155,596	3,344,177	68,698
Funds brought forward		5,014,489	961,944	3,522,756	9,499,189	9,430,491
Funds carried forward		£8,084,678	£1,080,336	£3,678,352	£12,843,366	£9,499,189
		(Annex 1)	(Annex 2)	(Annex 3)		

**THE DEAN AND CHAPTER OF CHICHESTER
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006**

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
Fixed Assets						
Investment assets						
Property	4	8,225,000	-	-	8,225,000	4,735,000
Investments	5	358,734	1,010,655	1,159,008	2,528,397	2,186,889
		<u>8,583,734</u>	<u>1,010,655</u>	<u>1,159,008</u>	<u>10,753,397</u>	<u>6,921,889</u>
Non investment assets						
Property	6	-	-	2,500,000	2,500,000	2,500,000
Equipment and plant	7	6,523	-	-	6,523	9,037
		<u>6,523</u>	<u>-</u>	<u>2,500,000</u>	<u>2,506,523</u>	<u>2,509,037</u>
Total fixed assets		8,590,257	1,010,655	3,659,008	13,259,920	9,430,926
Current assets						
Stocks	8	30,009	-	-	30,009	32,538
Debtors	9	131,340	5,261	-	136,601	79,281
Interfund debtors		17,622	45,254	19,377	82,253	81,906
Short term deposits		374,000	78,258	-	452,258	533,420
Cash at bank and in hand		9,640	-	-	9,640	21,203
		<u>562,611</u>	<u>128,773</u>	<u>19,377</u>	<u>710,761</u>	<u>748,348</u>
Liabilities due within one year						
Bank overdraft		(32,832)	-	-	(32,832)	(16,674)
Creditors	10	(365,343)	(41,470)	(33)	(406,846)	(269,198)
Interfund creditors		(64,631)	(17,622)	-	(82,253)	(81,906)
		<u>(462,806)</u>	<u>(59,092)</u>	<u>(33)</u>	<u>(521,931)</u>	<u>(367,778)</u>
Net current assets		99,805	69,681	19,344	188,830	380,570
Total assets less current liabilities		8,690,062	1,080,336	3,678,352	13,448,750	9,811,496
Liabilities due after one year						
St Faith's Loan		(55,384)	-	-	(55,384)	(62,307)
St Mary's Hospital Loan		(550,000)	-	-	(550,000)	(250,000)
Chantry Loan	10	(605,384)	-	-	(605,384)	(312,307)
		<u>(605,384)</u>	<u>-</u>	<u>-</u>	<u>(605,384)</u>	<u>(312,307)</u>
Net assets		£8,084,678	£1,080,336	£3,678,352	£12,843,366	£9,499,189
Funds						
Unrestricted	19	8,084,678	-	-	8,084,678	5,014,489
Restricted	20	-	1,080,336	-	1,080,336	961,944
Endowment	21	-	-	3,678,352	3,678,352	3,522,756
		<u>£8,084,678</u>	<u>£1,080,336</u>	<u>£3,678,352</u>	<u>£12,843,366</u>	<u>£9,499,189</u>

(Annex 1) (Annex 2) (Annex 3)

The financial statements were approved by the Dean and Chapter on 18th September 2006



N A Frayling - Dean



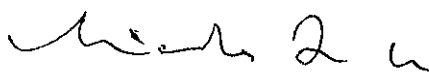
D J M Mowlam - Communar

**THE DEAN AND CHAPTER OF CHICHESTER
BALANCE SHEET AS AT 31ST MARCH 2006**

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
Fixed Assets						
Investment assets						
Property	4	8,225,000	-	-	8,225,000	4,735,000
Investments	5	358,736	1,010,655	1,159,008	2,528,399	2,186,891
		<u>8,583,736</u>	<u>1,010,655</u>	<u>1,159,008</u>	<u>10,753,399</u>	<u>6,921,891</u>
Non investment assets						
Property	6	-	-	2,500,000	2,500,000	2,500,000
		<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Total fixed assets		8,583,736	1,010,655	3,659,008	13,253,399	9,421,891
Current assets						
Debtors	9	185,640	5,261	-	190,901	171,157
Interfund debtors		17,622	45,254	19,377	82,253	81,906
Short term deposits		308,964	78,258	-	387,222	445,020
Cash at bank and in hand		256	-	-	256	243
		<u>512,482</u>	<u>128,773</u>	<u>19,377</u>	<u>660,632</u>	<u>698,326</u>
Liabilities due within one year						
Bank overdraft		(32,832)	-	-	(32,832)	(16,674)
Creditors	10	(342,364)	(41,470)	(33)	(383,867)	(234,377)
Interfund creditors		(64,631)	(17,622)	-	(82,253)	(81,906)
		<u>(439,827)</u>	<u>(59,092)</u>	<u>(33)</u>	<u>(498,952)</u>	<u>(332,957)</u>
Net current assets		72,655	69,681	19,344	161,680	365,369
Total assets less current liabilities		8,656,391	1,080,336	3,678,352	13,415,079	9,787,260
Liabilities due after one year						
St Faith's Loan		(55,384)	-	-	(55,384)	(62,307)
St Mary's Hospital Loan		(550,000)	-	-	(550,000)	(250,000)
Chantry Loan	10	(605,384)	-	-	(605,384)	(312,307)
		<u>(605,384)</u>	<u>-</u>	<u>-</u>	<u>(605,384)</u>	<u>(312,307)</u>
Net assets		£8,051,007	£1,080,336	£3,678,352	£12,809,695	£9,474,953
Funds						
Unrestricted	19	8,051,007	-	-	8,051,007	4,990,253
Restricted	20	-	1,080,336	-	1,080,336	961,944
Endowment	21	-	-	3,678,352	3,678,352	3,522,756
		<u>£8,051,007</u>	<u>£1,080,336</u>	<u>£3,678,352</u>	<u>£12,809,695</u>	<u>£9,474,953</u>

(Annex 1) (Annex 2) (Annex 3)

The financial statements were approved by the Dean and Chapter on 18th September 2006



N A Frayling - Dean



D J M Mowlam - Communar

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

1 Incoming resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
(i) Voluntary income					
Congregational collections and giving	123,313	2,625	-	125,938	123,131
Donations	115,995	1,635	-	117,630	100,203
Tax recoverable under Gift Aid	26,629	-	-	26,629	21,188
Income from Chichester Cathedral Restoration & Development Trust	-	340,000	-	340,000	225,000
Income from Friends of Chichester Cathedral	130,971	-	-	130,971	47,310
Legacies	5,405	-	-	5,405	1,571
	402,313	344,260	-	746,573	518,403
(ii) Grants receivable					
Church Commissioners	-	118,761	-	118,761	119,292
Grant from Allchurches Trust (EIG)	-	4,340	-	4,340	4,205
Other revenue and capital grants	3,045	-	-	3,045	2,600
	3,045	123,101	-	126,146	126,097
(iii) Charges and fees arising in the course of mission					
Facility and other fees	34,909	-	-	34,909	33,518
(iv) Income from activities generating funds					
Gross income of shop, refectory and other activities	382,060	-	-	382,060	462,915
	382,060	-	-	382,060	462,915
(v) Income from property and investments					
Property	592,376	-	5,250	597,626	565,806
Investments	15,311	43,949	51,258	110,518	115,647
	607,687	43,949	56,508	708,144	681,453
(vi) Other income					
Interest receivable on short term deposits	6,126	726	-	6,852	4,953
	£1,436,140	£512,036	£56,508	£2,004,684	£1,827,339

The Church Commissioners grant consists of £90,945 for stipends of the Dean and two canons and £27,816 as a contribution to administration costs.

2 Costs of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
Costs of facilities for visitors	55,158	-	-	55,158	59,309
Gross costs of shop, refectory and other activities	338,736	-	-	338,736	370,639
General marketing costs	2,785	-	-	2,785	2,808
Investment property costs	41,484	-	3,175	44,659	32,763
	£438,163	£-	£3,175	£441,338	£465,519

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

3 Expenditure on mission

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
(i) Ministry					
Clergy stipends and working expenses	23,234	90,945	444	114,623	116,180
Clergy housing costs	34,883	-	-	34,883	29,971
Clergy support costs	24,901	-	-	24,901	17,258
Services, music and congregational costs	255,316	2,648	-	257,964	257,648
	<u>338,334</u>	<u>93,593</u>	<u>444</u>	<u>432,371</u>	<u>421,057</u>
(ii) Cathedral and precincts upkeep					
Cathedral restoration	-	403,378	-	403,378	230,161
Major repairs	27,237	-	-	27,237	13,890
Cathedral Enterprises Project	678,098	-	-	678,098	-
Chantry refurbishment	924	-	-	924	25,128
Maintenance and interior upkeep	263,629	175	-	263,804	184,230
Cathedral insurance	-	25,191	-	25,191	24,294
Precincts, security and gardens upkeep	96,120	-	-	96,120	86,432
Support costs	9,218	-	-	9,218	8,911
	<u>1,075,226</u>	<u>428,744</u>	<u>-</u>	<u>1,503,970</u>	<u>799,546</u>
(iii) Education and outreach					
Educational activities	33,927	-	34	33,961	33,553
Archives and library	-	1,910	-	1,910	1,600
Charitable and other giving	37,360	-	-	37,360	36,473
	<u>71,287</u>	<u>1,910</u>	<u>34</u>	<u>73,231</u>	<u>71,626</u>
(iv) Community parish and congregation	544	-	-	544	-
(v) Administrative services					
Administration and finance	195,462	1,550	-	197,012	175,386
Information technology	22,614	-	-	22,614	12,448
	<u>218,076</u>	<u>1,550</u>	<u>-</u>	<u>219,626</u>	<u>188,234</u>
(vi) Other expenditure					
Interest and similar charges payable	16,751	-	-	16,751	8,617
	<u>£1,720,218</u>	<u>£525,797</u>	<u>£478</u>	<u>£2,246,493</u>	<u>£1,489,080</u>

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

4 Investment property

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
Consolidated and Chapter				
Freehold				
At valuation 1 April 2005	4,335,000	-	-	4,335,000
Proceeds from disposals	(198,000)	-	-	(198,000)
Net increase on revaluation	3,563,000	-	-	3,563,000
At valuation 31 March 2006	<u>7,700,000</u>	-	-	<u>7,700,000</u>
Long leasehold				
At valuation 1 April 2005	400,000	-	-	400,000
Net increase on revaluation	125,000	-	-	125,000
At valuation 31 March 2006	<u>525,000</u>	-	-	<u>525,000</u>
Total				
At 31st March 2006	<u>£8,225,000</u>	£ -	£ -	<u>£8,225,000</u>
At 1st April 2005	<u>£4,735,000</u>	£ -	£ -	<u>£4,735,000</u>

The property value used for 2006 is based on an open market valuation of freehold and long leasehold properties carried out by Tod Miller Thomas (Chartered Surveyors) at 31st March 2006. At that date the freehold properties were valued at £7,700,000 (compared with £4,335,000 in 2005) and the leasehold property at 14 Terminus Road was valued at £525,000 (compared with £400,000 in 2005).

5 Investments

Consolidated

Investments at market value 1 April 2005	306,909	871,698	1,008,282	2,186,889
Additions	696	17,508	54,673	72,877
Proceeds from disposals	-	(16,008)	(54,685)	(70,693)
Net (decrease) increase on disposals and revaluation	51,129	137,457	150,738	339,324
Investments at market value 31 March 2006	<u>£358,734</u>	<u>£1,010,655</u>	<u>£1,159,008</u>	<u>£2,528,397</u>

Chapter

Investments at market value 1 April 2005	306,909	871,698	1,008,282	2,186,889
Additions	696	17,508	54,673	72,877
Proceeds from disposals	-	(16,008)	(54,685)	(70,693)
Net (decrease) increase on disposals and revaluation	51,129	137,457	150,738	339,324
Investments at market value 31 March 2006	<u>358,734</u>	<u>1,010,655</u>	<u>1,159,008</u>	<u>2,528,397</u>

Investment in subsidiary

At 1 April 2005 and 31 March 2006	<u>2</u>	-	-	<u>2</u>
-----------------------------------	----------	---	---	----------

Total

At 31st March 2006	<u>£358,736</u>	<u>£1,010,655</u>	<u>£1,159,008</u>	<u>£2,528,399</u>
At 1st April 2005	<u>£306,911</u>	<u>£871,698</u>	<u>£1,008,282</u>	<u>£2,186,891</u>

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

6 Non investment property

Consolidated and Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
At valuation 1 April 2005 and 31 March 2006	£ -	£ -	£2,500,000	£2,500,000

All non investment properties are freehold.

A nominal value of £2,100,000 has been included for the non investment properties which are in Cathedral use. The insurance valuation for these properties amounted to £14,034,291 excluding three buildings which are insured as part of the Cathedral itself. The minimum Council Tax Value on relevant properties amounts to £1,660,015.

A nominal value of £300,000 has been included for the non investment properties associated with the Wiccarnical Prebends and £100,000 representing 57.8% share of 49 West Street belonging to the Highleigh Prebend. The Wiccarnical Prebends hold the freehold of 1 and 2 St Richard's Walk. Insured for £2,400,263 the minimum Council Tax Value amounts to £276,003. The Prebend rental income paid by Chapter amounts to £5,250.

The Highleigh Prebend owns 57.8% of 49 West Street with the remainder being owned by the Prebendal School. The house is occupied by the Head Master. Maintained and insured by the school, its insurance value is £539,500 and its minimum Council Tax Value is £160,001. The Highleigh Prebend's proportionate shares being £311,831 and £92,481 respectively.

7 Equipment and plant

Consolidated	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
Cost	74,456	-	-	74,456	72,503
Depreciation	(65,419)	-	-	(65,419)	(63,643)
Net book value at 1st April	9,037	-	-	9,037	8,860
Additions	-	-	-	-	1,953
Proceeds from disposals	(425)	-	-	(425)	-
Depreciation for year	(1,369)	-	-	(1,369)	(1,776)
Losses on disposals	(720)	-	-	(720)	-
Net book value at 31st March	£6,523	£ -	£ -	£6,523	£9,037
Cost	38,212	-	-	38,212	74,456
Depreciation	(31,689)	-	-	(31,689)	(65,419)
Net book value at 31st March	£6,523	£ -	£ -	£6,523	£9,037

All equipment and plant is held in the trading company.

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
8 Stocks					
Consolidated					
Goods for resale	27,816	-	-	27,816	28,570
Consumable items	2,193	-	-	2,193	3,968
	<u>£30,009</u>	<u>-</u>	<u>-</u>	<u>£30,009</u>	<u>£32,538</u>

All stocks are held by the trading company.

9 Debtors

Consolidated					
Other debtors	55,355	-	-	55,355	70,756
Tax recoverable	75,985	5,261	-	81,246	8,525
	<u>£131,340</u>	<u>£5,261</u>	<u>£-</u>	<u>£136,601</u>	<u>£79,281</u>

Chapter

Loan to subsidiary	45,050	-	-	45,050	45,050
Other debtors	64,605	-	-	64,605	117,582
Tax recoverable	75,985	5,261	-	81,246	8,525
	<u>£185,640</u>	<u>£5,261</u>	<u>£-</u>	<u>£190,901</u>	<u>£171,157</u>

10 Creditors

Consolidated					
Other creditors	285,529	41,470	33	327,032	179,948
Rents in advance	56,827	-	-	56,827	63,432
Tax and social security	16,064	-	-	16,064	18,895
	<u>358,420</u>	<u>41,470</u>	<u>33</u>	<u>399,923</u>	<u>262,275</u>
St Faith's Loan (Note 11)	62,307	-	-	62,307	69,230
Chantry Loan (Note 11)	-	-	-	-	250,000
St Mary's Hospital Loan (Note 11)	550,000	-	-	550,000	-
	<u>£970,727</u>	<u>£41,470</u>	<u>£33</u>	<u>£1,012,230</u>	<u>£581,505</u>

Shown as:-

Liabilities due within one year	406,846	269,198
Liabilities due after one year	605,384	312,307
	<u>£1,012,230</u>	<u>£581,505</u>

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2006	Total Funds 2005
10 Creditors - continued					
Chapter					
Other creditors	262,550	41,470	33	304,053	145,127
Rents in advance	56,827	-	-	56,827	63,432
Tax and social security	16,064	-	-	16,064	18,895
	<u>335,441</u>	<u>41,470</u>	<u>33</u>	<u>376,944</u>	<u>227,454</u>
St Faith's Loan (Note 11)	62,307	-	-	62,307	69,230
Chantry Loan (Note 11)	-	-	-	-	250,000
St Mary's Hospital Loan (Note 11)	550,000	-	-	550,000	-
	<u>£947,748</u>	<u>£41,470</u>	<u>£33</u>	<u>£989,251</u>	<u>£546,684</u>
Shown as:-					
Liabilities due within one year				383,867	234,377
Liabilities due after one year				605,384	312,307
				<u>£989,251</u>	<u>£546,684</u>

11 Borrowings

St Faiths Loan

A £90,000 loan was entered into by Chapter during 2002 in connection with the buy-back of the leasehold interest in St Faith's House.

The loan is due to be repaid in equal monthly instalments over 13 years at an interest rate of 6.25% per annum.

At 31st March 2006 the outstanding loan was £62,307 which is repayable as follows:-

	2006	2005
Within one year	6,923	6,923
Between one and two years	6,923	6,923
Between two and five years	20,769	20,769
In five years or more	27,692	34,615
	<u>£62,307</u>	<u>£69,230</u>

Chantry Loan

A £250,000 loan was entered into by Chapter during 2005 in connection with the refurbishment and conversion of The Chantry.

The loan was fully repaid in October 2006 with the proceeds from the sale of 9 East Pallant and CPIRR funds.

St Mary's Hospital Loan

It was agreed during the year to enter into a loan for £750,000 in respect of the Cathedral Enterprises Project. At the balance sheet date £550,000 had been advanced.

Interest is based on rates calculated quarterly. Two-thirds is at distribution rates of the previous four quarters of Charifund and one-third at NAACIF's distribution rates. To this sum is added 1/2% of the value of distributions to give an average figure for the rate for the succeeding three quarters.

The loan is indefinite, repayable either in full or in part.

The trading company has no third party borrowings.

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

12 Investment in subsidiary

Chichester Cathedral Enterprises Limited is a wholly owned subsidiary, trading as a Refectory and Gift Shop.
The investment in this Company has been consolidated in these accounts on a line by line basis as set out in FRS2.

**Chichester Cathedral Enterprises Limited
Balance Sheet as at 31st March**

	2006	2005
Fixed assets	6,523	9,037
Current assets		
Stock	30,009	32,538
Debtors	1,458	3,488
Short term deposits	65,036	88,400
Cash at bank and in hand	9,384	20,960
	<u>105,887</u>	<u>145,386</u>
Creditors: amounts falling due within one year	(33,689)	(85,137)
Net current assets	<u>72,198</u>	<u>60,249</u>
Creditors: amounts falling due after more than one year	(45,050)	(45,050)
	<u>£33,671</u>	<u>£24,236</u>
Financed by:-		
Share capital	2	2
Profit and loss account	33,669	24,234
	<u>£33,671</u>	<u>£24,236</u>

13 Associated entities

Not controlled by the Dean and Chapter:-

The Friends of Chichester Cathedral
The Chichester Cathedral Restoration & Development Trust
The Chichester Cathedral Millenium Endowment Trust

The powers of these charities as regards to distribution of income are discretionary.

Controlled by the Dean and Chapter:-

The Hospital of the Blessed Mary, Chichester
The Morse-Boycott Bursary Fund
The Traditional Choir Trust

The Dean and Chapter are Trustees of these funds but these are separate charities with separate objectives not for the benefit of the Dean and Chapter although administered by them.

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

2006

2005

14 Funds for the benefit of choristers

See Annex 4

These are funds that are administered by the Chapter for the benefit of choristers and ex-choristers.

These funds have not been consolidated into the accounts as neither the income nor the capital of these funds is for the benefit of the Chapter.

The value of the funds at 31st March are as follows:-

K Bailey Scholarship Fund	15,241	13,200
J Birch Scholarship Fund	1,249	1,100
Choristers Endowment Fund A	34,367	29,859
Friends of Cathedral Music II	22,293	18,882
Choristers Endowment B	108,258	93,622
Choristers Endowment B Morgan	195,514	176,073
Mortlock Prize Fund	20,146	17,133
J B Somerville	547,697	486,424
Yorke Prize Fund	1,368	1,151
Choristers Leaving Scholarships	454,201	386,762
	<u>£1,400,334</u>	<u>£1,224,206</u>

15 Auditors' remuneration

The total remuneration of Sheen Stickland was as follows:-

Audit services

The Dean and Chapter of Chichester	5,100	4,925
Chichester Cathedral Enterprises Limited	1,600	1,500
	<u>£6,700</u>	<u>£6,425</u>

16 Employees

Staff costs during the year were as follows:-

Wages and salaries	667,823	634,515
Social security costs	47,974	43,247
Other pension costs	82,428	86,372
	<u>£798,225</u>	<u>£764,134</u>

There were no employees with emoluments over £50,000.

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

16 Employees - continued

	2006	2005
The average number of employees during the year was as follows:-		
Clergy	3	3
Administration	7	6
Education	1	1
Liturgy and music	6	5
Maintenance	7	7
Vergers	5	5
Visitors services	2	2
Shop and refectory	11	10
	42	39

The remuneration of the members of the Chapter during the year was as follows:-

	Stipend / Salary	Pension Contributions	Total 2006	Total 2005
The Very Reverend N A Frayling	28,690	7,406	36,096	34,127
The Reverend Canon J F Ford (until December 2005)	16,334	4,138	20,472	27,702
The Reverend Canon P G Atkinson	23,370	5,925	29,295	27,702
The Reverend Canon P C Kefford	393	-	393	393
The Reverend Canon B L Brandie	-	-	-	-
Mrs Sara Stonor	-	-	-	-
Mrs Christina Bennett	-	-	-	-
Dr John Dalglish	-	-	-	-
Commodore D J M Mowlam	37,169	7,595	44,764	43,260
	£105,956	£25,064	£131,020	£133,184

Volunteers

Over 300 volunteers offer time and talents to the cathedral in numerous capacities in varying degrees.

17 Pensions

Clergy pensions are the liability of the Church Commissioners who pay contributions to the Church of England Funded Pensions Scheme.

The Dean and Chapter participates in the Church of England Defined Benefits Scheme (DBS), part of the Church Workers Pensions Fund, for employees who joined the staff before 31st December 2002.

At 31st March 2006 the Dean and Chapter had 19 active members and 4 deferred pension members in the Fund.

The assets of the fund are held separately from those of the Dean and Chapter.

A full valuation of the Fund was carried out as at 31st December 2004 and the actuarial position was reassessed.

The market value of the assets attributable to the Dean and Chapter's section of the Fund amounted to £858,275

The term and contribution rate was reassessed at 1st January 2006 by the Fund actuary and the Dean and Chapter's section of the Fund was shown to be in deficit. The contributions were adjusted to allow for this deficit to be eliminated over the next 10 years and were agreed at 6% employee and 19.26% employer.

The Dean and Chapter also operates a stakeholder defined contribution scheme for the benefit of employees not in the Church of England DBS.

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

18 Expenses of members of the Chapter

During the year 6 members of Chapter had expenses reimbursed by the Dean and Chapter. The analysis is as follows:-

	2006	2005
Travel	4,493	3,372
Hospitality	1,898	2,105
Miscellaneous	105	89
	<u>£6,496</u>	<u>£5,566</u>

19 Unrestricted funds

Consolidated

	At 1st April 2005	Net surplus/ (deficit) for the year	Transfers	At 31st March 2006
Cathedral Property Investment Repair Reserve	132,559	38,950	217,322	388,831
General revenues	4,881,930	2,977,938	(164,021)	7,695,847
	<u>£5,014,489</u>	<u>3,016,888</u>	<u>£53,301</u>	<u>£8,084,678</u>

Chapter

	At 1st April 2005	Net surplus/ (deficit) for the year	Transfers	At 31st March 2006
Cathedral Property Investment Repair Reserve	132,559	38,950	217,322	388,831
General revenues	4,857,694	2,968,503	(164,021)	7,662,176
	<u>£4,990,253</u>	<u>3,007,453</u>	<u>£53,301</u>	<u>£8,051,007</u>

20 Restricted funds

	At 1st April 2005	Net surplus/ (deficit) for the year	Transfers	At 31st March 2006
Fabric Fund	784,611	139,837	(17,488)	906,960
Cathedral Restoration Fund	50,730	(63,112)	40,000	27,618
Library Fund	77,386	12,335	-	89,721
Music Fund	19,715	5,007	-	24,722
Hussey Music Composition Fund	18,064	3,212	-	21,276
Bell Tower Project Fund	11,438	(1,399)	-	10,039
Church Commissioners Grant	-	27,816	(27,816)	-
	<u>£961,944</u>	<u>£123,696</u>	<u>£(5,304)</u>	<u>£1,080,336</u>

**THE DEAN AND CHAPTER OF CHICHESTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2006**

21 Endowment Funds

	At 1st April 2005	Net surplus/ (deficit) for the year	Transfers	At 31st March 2006
Prebend Funds	500,329	18,136	(1,516)	516,949
Endowment Fund	2,384,434	60,405	(14,268)	2,430,571
Hussey Choir Bursaries	443,265	89,173	(22,559)	509,879
Choir Fund A	26,673	5,257	(1,362)	30,568
Endowed Prebendal Stalls	14,782	2,442	(367)	16,857
Rae Fund	153,273	28,180	(7,925)	173,528
	<u>£3,522,756</u>	<u>£203,593</u>	<u>£(47,997)</u>	<u>£3,678,352</u>

22 Contingent liabilities

There were no contingent liabilities at 31st March 2006 or 31st March 2005.

23 Capital commitments

The overall costs of the restoration of the Lady Chapel is estimated to be £781,000 of which the outstanding liability is £385,000.

The anticipated final cost of the Cathedral Enterprises Project is £850,000 of which £172,000 was outstanding at 31st March 2006.

**THE DEAN AND CHAPTER OF CHICHESTER
STATEMENT OF FINANCIAL ACTIVITIES - UNRESTRICTED FUNDS
FOR THE YEAR ENDED 31ST MARCH 2006**

Annex 1

	Designated CPIRR	Undesignated Common Fund	Total Funds 2006	Total Funds 2005
Incoming resources				
(i) Voluntary income	5,805	396,508	402,313	290,391
(ii) Grants receivable	-	3,045	3,045	2,600
(iii) Charges and fees arising in the course of mission	-	34,909	34,909	33,518
(iv) Income from activities generating funds	-	382,060	382,060	462,915
(v) Income from property and investments	13,732	593,955	607,687	576,714
(vi) Other income	2,900	3,226	6,126	4,352
Total incoming resources	22,437	1,413,703	1,436,140	1,370,490
Costs of generating funds	-	438,163	438,163	463,165
Net incoming resources available for mission	22,437	975,540	997,977	907,325
Expenditure on mission				
(i) Ministry	-	338,334	338,334	323,933
(ii) Cathedral and precincts upkeep	28,161	1,047,065	1,075,226	543,715
(iii) Education and outreach	-	71,287	71,287	69,994
(iv) Community parish and congregation	-	544	544	-
(v) Administrative services	-	218,076	218,076	188,225
(vi) Other services	-	16,751	16,751	8,617
Total expenditure on mission	28,161	1,692,057	1,720,218	1,134,484
Total expenditure on generating funds and on mission	28,161	2,130,220	2,158,381	1,597,649
Net incoming / (outgoing) resources	(5,724)	(716,517)	(722,241)	(227,159)
Gains (losses) on revaluations and disposals of property and investments				
Property	-	3,688,000	3,688,000	-
Investments	44,674	6,455	51,129	30,392
	44,674	3,694,455	3,739,129	30,392
Gross transfers between funds	217,322	(164,021)	53,301	55,364
Net increase / (decrease) in funds	256,272	2,813,917	3,070,189	(141,403)
Funds brought forward	132,559	4,881,930	5,014,489	5,155,892
Funds carried forward	£388,831	£7,695,847	£8,084,678	£5,014,489

**THE DEAN AND CHAPTER OF CHICHESTER
STATEMENT OF FINANCIAL ACTIVITIES - RESTRICTED FUNDS
FOR THE YEAR ENDED 31ST MARCH 2006**

Annex 2

	Fabric Fund	Cathedral Restoration Fund	Library Fund	Music Fund	Hussey Music Commission	Bell Tower Project	Church Commissioners	Total Funds 2006	Total Funds 2005
Incoming resources									
(i) Voluntary income	1	340,000	53	4,206	-	-	-	344,260	228,012
(ii) Grants receivable	4,340	-	-	-	-	-	118,761	123,101	123,497
(v) Income from property and investments	38,204	-	3,906	944	895	-	-	43,949	44,586
(vi) Other income	309	266	-	-	-	151	-	726	601
Total incoming resources	42,854	340,266	3,959	5,150	895	151	118,761	512,036	396,696
Net incoming resources available for mission	42,854	340,266	3,959	5,150	895	151	118,761	512,036	396,696
Expenditure on mission									
(i) Ministry	-	-	-	2,648	-	-	90,945	93,593	96,680
(ii) Cathedral and precincts upkeep	25,366	403,378	-	-	-	-	-	428,744	255,831
(iii) Education and outreach	-	-	1,910	-	-	-	-	1,910	1,600
(v) Administrative services	-	-	-	-	-	1,550	-	1,550	9
Total expenditure on mission	25,366	403,378	1,910	2,648	-	1,550	90,945	525,797	354,120
Total expenditure on generating funds and on mission	25,366	403,378	1,910	2,648	-	1,550	90,945	525,797	354,120
Net incoming / (outgoing) resources	17,488	(63,112)	2,049	2,502	895	(1,399)	27,816	(13,761)	42,576
Gains (losses) on revaluations and disposals of property and investments									
Investments	122,349	-	10,286	2,505	2,317	-	-	137,457	82,174
	122,349	-	10,286	2,505	2,317	-	-	137,457	82,174
Gross transfers between funds	(17,488)	40,000	-	-	-	-	(27,816)	(5,304)	(4,027)
Net increase / (decrease) in funds	122,349	(23,112)	12,335	5,007	3,212	(1,399)	-	118,392	120,723
Funds brought forward	784,611	50,730	77,386	19,715	18,064	11,438	-	961,944	841,221
Funds carried forward	£906,960	£27,618	£89,721	£24,722	£21,276	£10,039	£-	£1,080,336	£961,944

**THE DEAN AND CHAPTER OF CHICHESTER
STATEMENT OF FINANCIAL ACTIVITIES - ENDOWMENT FUNDS
FOR THE YEAR ENDED 31ST MARCH 2006**

Annex 3

	Prebend Funds	Endowment Fund	Hussey Choir Bursaries	Choir Fund A	Endowed Prebendal Stalls	Rae Fund	Total Funds 2006	Total Funds 2005
Incoming resources								
(i) Voluntary income	-	-	-	-	-	-	-	-
(v) Income from property and investments	9,633	14,268	22,559	1,362	761	7,925	56,508	60,153
Total incoming resources	9,633	14,268	22,559	1,362	761	7,925	56,508	60,153
Costs of generating funds	3,175	-	-	-	-	-	3,175	2,354
Net incoming resources available for mission	6,458	14,268	22,559	1,362	761	7,925	53,333	57,799
Expenditure on mission								
(i) Ministry	50	-	-	-	394	-	444	444
(iii) Education and outreach	34	-	-	-	-	-	34	32
Total expenditure on mission	84	-	-	-	394	-	478	476
Total expenditure on generating funds and on mission	3,259	-	-	-	394	-	3,653	2,830
Net incoming / (outgoing) resources	6,374	14,268	22,559	1,362	367	7,925	52,855	57,323
Gains (losses) on revaluations and disposals of property and investments								
Investments	11,762	46,137	66,614	3,895	2,075	20,255	150,738	83,392
	11,762	46,137	66,614	3,895	2,075	20,255	150,738	83,392
Gross transfers between funds	(1,516)	(14,268)	(22,559)	(1,362)	(367)	(7,925)	(47,997)	(51,337)
Net increase / (decrease) in funds	16,620	46,137	66,614	3,895	2,075	20,255	155,596	89,378
Funds brought forward	500,329	2,384,434	443,265	26,673	14,782	153,273	3,522,756	3,433,378
Funds carried forward	£516,949	£2,430,571	£509,879	£30,568	£16,857	£173,528	£3,678,352	£3,522,756

**THE DEAN AND CHAPTER OF CHICHESTER
UNCONSOLIDATED CHORISTER FUNDS
FOR THE YEAR ENDED 31ST MARCH 2006**

Annex 4

	At 1st April 2005	Investment Income	Donations / Legacies	Awards / Scholarships	Purchase of Investments	Increase in Investments	At 31st March 2006
K Bailey Scholarship Fund	13,200	663	-	(375)	-	1,753	15,241
J Birch Scholarship Fund	1,100	52	-	(30)	-	127	1,249
Choristers Endowment Fund A	29,859	1,527	-	(900)	-	3,881	34,367
Friends of Cathedral Music II	18,882	948	-	-	(1,200)	3,663	22,293
Choristers Endowment B	93,622	4,454	5,329	(6,660)	(4,168)	15,681	108,258
Choristers Endowment B Morgan	176,073	8,888	-	(12,044)	-	22,597	195,514
Mortlock Prize Fund	17,133	851	-	(300)	(400)	2,862	20,146
J B Somerville	486,424	24,634	-	(24,088)	(5,000)	65,727	547,697
Yorke Prize Fund	1,151	58	-	-	-	159	1,368
Choristers Leaving Scholarships	386,762	19,632	605	(8,700)	(7,000)	62,902	454,201
	£1,224,206	£61,707	£5,934	£(53,097)	£(17,768)	£179,352	£1,400,334

These funds are administered by the Chapter and the monies held within the Dean and Chapter bank accounts. The amount due by the Dean and Chapter to these funds is included as a creditor.