

The Collegiate Church of Saint Peter Westminster

Annual report and financial statements
for the year ended 29 September 2008

Members of Chapter, Officers and Advisors

The Collegiate Church is a Royal Peculiar, incorporated by Royal Charter of 15 November 1560.

Dean and Chapter

The governing body is the Dean and Chapter.

The members of Chapter during the year:

| | |
|----------------------------------|---------------------------|
| The Very Reverend Dr JR Hall | (Dean of Westminster) |
| The Reverend Canon AR Wright | (Sub-Dean of Westminster) |
| The Reverend Canon Dr N Sagovsky | (Canon of Westminster) |
| The Reverend Canon RP Reiss | (Canon of Westminster) |
| The Reverend Canon Dr JB Hedges | (Canon of Westminster) |

Receiver General and Chapter Clerk

Sir Stephen Lampport KCVO DL

Address

The address for correspondence is:

The Chapter Office,
20 Dean's Yard,
Westminster Abbey,
London,
SW1P 3PA

Investment Committee

The Westminster Abbey Investment Committee comprised, during the year:

| | |
|------------------------------|--------------------|
| DG Thomas | (Chairman) |
| AE Richmond-Watson | |
| SH Davies | |
| T Kidd | |
| The Reverend Canon RP Reiss | (Canon Treasurer) |
| Sir Stephen Lampport KCVO DL | (Receiver General) |

During the year Major-General DL Burden (Receiver General) retired.

Advisors

Legal Secretary

C Vyse
Charles Russell
8-10 New Fetter Lane
London EC4A 1RS

Surveyor of the Fabric

JM Burton DIP ARCH RIBD
Purcell Miller Tritton
St Mary's Hill
Colchester
Essex C03 3JU

Auditor

DC Hunt FCA
Nexia Smith & Williamson
25 Moorgate
London EC2R 6AY

Actuary

I Pope
Pegasus House
37-43 Sackville Street
London W1S 3EH

Pensions Consultants

Pope Anderson LLP
Pegasus House
37-43 Sackville Street
London W1S 3EH

Investment Advisers

Brewin Dolphin
12 Smithfield Street
London EC1A 9BD

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Consulting Engineer

C Richardson
Cameron Taylor Bedford
Lorne Close
London NW8 7JJ

Archaeologist

W Rodwell
The Old Vicarage
Stockhill Road
Chilcompton
Somerset BA3 4JQ

Property Advisers

Knight Frank
20 Hanover Square
London W15 1HZ

Report of the Dean and Chapter

For the year ended 29 September 2008

History, Constitution and Objectives

Westminster Abbey has been a place of Christian worship and a House of Kings for over 900 years. It is known that a Benedictine Abbey was founded by St Dunstan, Archbishop of Canterbury, in 960. The Abbey Church was built by Edward the Confessor in 1065 and he was buried in it in 1066. It was rebuilt by Henry III and later kings and since the coronation of William the Conqueror in 1066 has been the venue for coronations to the present day, as well as for some Royal weddings and many services of great national importance.

The Abbey is governed by the Dean and Chapter, as established by Royal Charter of Queen Elizabeth I in 1560, which created it as a Collegiate Church and Royal Peculiar under the Monarch's personal jurisdiction. Under an Act of 1972 the Church of St. Margaret's, Westminster, which stands within the Precincts, also comes under the jurisdiction of the Dean and Chapter. Under the 1868 Public Schools Act all property in the Precincts used by Westminster School was transferred to and vested in the Governing Body of the School.

The Abbey has an ancient choral foundation. The Dean and Chapter maintain the last remaining school in Great Britain used solely for the education of choristers.

The Abbey is very much a working Church, with four services held each ordinary day, and five on Sundays. Evensong is sung every day except Wednesday and both Matins and the Eucharist are also choral on Sundays. There is also regular Sunday worship in St. Margaret's Church.

The Abbey is totally self-supporting financially. It receives no assistance from the Church Commissioners, from the Government or from the Crown.

Mission

The Abbey's mission:

- To serve Almighty God as a 'school of the Lord's service' by offering divine worship daily and publicly
- To serve the Sovereign by daily prayer and by a ready response to requests made by or on behalf of Her Majesty
- To serve the nation by fostering the place of true religion within national life, maintaining a close relationship with members of the House of Commons and House of Lords and with others in representative positions
- To serve pilgrims and all other visitors and to maintain a tradition of hospitality

Activities

The Abbey had a busy year, with many major services, memorial services, events and celebrations in addition to the daily cycle of worship and religious festivals. Highlights of the year included :

1st October saw the annual Judges' service and the following evening was marked the 300th anniversary of the birth of Charles Wesley at Evensong.

Report of the Dean and Chapter (continued)

For the year ended 29 September 2008

Activities (continued)

HRH The Duke of Edinburgh opened the Field of Remembrance on 8th November and then returned with the Queen on 19th November to mark their Diamond Wedding Anniversary with a special service that included other couples celebrating the same anniversary.

In December was held a ceremonial tribute to soldiers of the 2nd Battalion, the Mercian Regiment, who had died on active service in Afghanistan. The Presidents of France and Chile laid wreaths at the Unknown Warrior during their State visits to HM The Queen.

The 40th anniversary of the death of Martin Luther King was marked by an all-day conference and Evensong in April. A special service was held in July to mark the 60th anniversary of the National Health Service and attended by HRH The Prince of Wales and the Prime Minister.

Music played a special part in the year. The Choir marked the 800th anniversary of the birth of Henry III with a concert. Other concerts celebrated the Festival of St Cecilia, the Classic FM Carol Concert, Passiontide, the Lufthansa Festival of Baroque Music and a performance with the St James' Baroque.

Visitors

Unmarked by any serious terrorist events, but feeling the initial impact of the economic slowdown, the Abbey enjoyed a reasonable financial year in terms of visitor numbers. The winter period is always relatively quiet but Easter and early summer were buoyant. However, the second half of the summer suffered a decline in numbers and the year-on-year numbers of visitors were 6.7% down on 2006/7. Comparison with other leading visitor attractions in London was not unfavourable.

In the last few weeks of the period there were clear signs of a downturn. The Abbey has always enjoyed large numbers of visitors from North America, but this year the numbers have reduced, and the fluctuating exchange rates, combined with the weakness in the American economy, continues to impact on their numbers. However, the numbers from Italy, Spain and Eastern Europe have continued to grow.

Despite the economic gloom towards the end of its trading year, Westminster Abbey Enterprises Limited had a successful year and their contribution to the surplus in these accounts continues to grow and runs at a level not experienced for many years.

In June, 1500 additional audio-guides were acquired, enabling the Abbey to issue audio-guides to all visitors, free of charge. This was accompanied by an extension of languages offered to include Portuguese, Hungarian and Polish. This has been very well received by visitors, particularly those from overseas.

Fabric

The Abbey spent 34% of its income on upkeep and maintaining the fabric (2007 – 25%), either in funding the work of the in-house Clerk of the Works department or on projects executed by external contractors but overseen by the Surveyor of the Fabric and the Clerk of the Works. The work to the ancient fabric is only undertaken after submission to the Westminster Abbey Fabric Commission for their advice and approval before final authorisation by the Dean and Chapter who are supported by a Projects Group which meets frequently.

Report of the Dean and Chapter (continued)

For the year ended 29 September 2008

Activities (continued)

Fabric

This year important work has been carried out on the south side of the Great Cloister (the surviving wall of the medieval Refectory), to the cupola on the top of the tower of St Margaret's, the North East transept roof of the Abbey, fully funded by the Garfield Weston Trust for Westminster Abbey, and the organ. Major conservation projects included completion of the work on the Sedilia (the four canopied stalls, located in the Sacrarium, painted oil on oak c.1307, depicting two Kings, ecclesiastics, depictions of the Annunciation and of Edward the Confessor receiving a ring from St John the Evangelist), part funded by a grant from the World Monuments Fund, and the first year of a three/four year programme to conserve the Cosmati pavement in the Sacrarium (the mosaic pavement in the Sacrarium, laid during the refurbishment of the Abbey by Henry III in the 13th century), supported by generous grants from the Getty Foundation. Archaeological recording of the Abbey continued and new memorials included those for Dean Mayne and the Armed Forces. Daily maintenance included work on railings, memorials, residences and the North West tower stairs. A feasibility study was initiated to assess whether better use could be made of the limited space available within the precincts.

Organisation and management

The review of the use of space, initiated following the Dean's presentation of his longer term vision for the future, was completed and welcomed by Chapter. Detailed proposals are now being prepared, by means of a feasibility study, to plan and implement its recommendations. Fundraising will be required, which will be facilitated by the formation of the Westmonasterium Trust, expressly set up to raise funds for the Abbey. It has already appointed Valerie Humphrey, as Development Director, to lead the campaign.

During the year, we saw the retirements of Major General David Burden, succeeded as Receiver General by Sir Stephen Lamport, and Colonel Mike Carson, Deputy Receiver General, succeeded as Head of Administration and Human Resources by Mrs Hazel Randall.

Accounts

The accounts have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005).

The accounts of Westminster Abbey Enterprises Limited, as summarised in note 4, have been consolidated with those of the Dean and Chapter of Westminster as described in note 1(a). The accounts also consolidate Whicher & Kifford Almshouses as described in note 1(a). The Funds are shown broken down between Permanent Endowment, Restricted and Unrestricted. Restricted Funds can only be used for a specified purpose whilst Unrestricted Funds can be used at the discretion of the Dean and Chapter.

Total running costs in the year amounted to £10,294,000 (2007: £8,731,000). A considerable proportion of this increase relates to the expanded programme of fabric works. The Abbey's chief sources of income are derived from visitor charges, donations and investment income. The profits of Westminster Abbey Enterprises Limited are gifted to the Abbey under Gift Aid rules and also provide significant income. The total surplus for the year before investment gains was £469,000 (2007: £1,637,000).

Report of the Dean and Chapter (continued)

For the year ended 29 September 2008

Accounts (continued)

During the year charitable donations amounting to £141,217 (2007: £151,725) were approved by the Dean and Chapter.

The surplus on Unrestricted Funds alone for the year, including the FRS 17 charge, was £596,000 (2007: £1,676,000) before transfers and other investment losses. Investment losses of £387,000 (2007: £27,000 loss) were incurred, while actuarial losses of £1,540,000 (2007: £627,000 gain) have also been charged to the Statement of Financial Activities.

In the year there was a deficit of £127,000 on the combined Restricted and Endowment funds, before transfers and investment losses. These latter losses totalled £5,568,000, of which £3,411,000 related to investment property and freehold land and buildings, the balance being losses of £2,157,000 related to listed investments held in the Investment Pool.

Note 15 to the accounts refers to the Abbey's defined benefit pension scheme. The last triennial valuation was carried out as at 1 October 2007 and showed that the scheme was 91% funded. The note to the accounts also sets out the scheme's actuarial valuation using assumptions in accordance with the requirements of Financial Reporting Standard No 17. This valuation, which has to reflect current market conditions and is therefore somewhat volatile, discloses a deficit. To address the ongoing funding deficits, the Abbey had increased its contributions to the pension scheme from 1 January 2006 to 16.2% of pensionable salaries and employees' contributions of 6.5%. A new schedule of contributions, effective 1 January 2009, confirms that contributions will continue at the same rate.

The pension scheme liability as at 29 September 2008 of £2,988,000 (2007: £1,557,000) is included as a liability in the balance sheet, with a corresponding deduction against reserves. At the year end, the balance on Unrestricted Funds, after reflecting the pension scheme liability, was £2,424,000 (2007: £3,777,000).

Investment policy and returns

The Investment Pool, governed by the Westminster Abbey Act 1975, holds investments on behalf of various funds for which the Dean and Chapter are responsible. The Dean and Chapter invest monies after consultation with the Investment Committee.

The Act requires that the investments are suitably diversified between UK and overseas equities, bonds, property and cash so as to generate both income and capital growth over time. Currently the aim is to achieve a real return of around 5% per annum over a rolling three year period on all investments except those forming part of the Abbey's treasury balances. During the year ended September 2008 the actual return achieved was 15.8% negative (three year annualised return 2.3%). Performance is benchmarked by reference to a charity sector monitor that achieved a return of 15.2% negative during the year (three year annualised return 1.9%).

Statement of the financial responsibilities of the Dean and Chapter of Westminster

The Dean and Chapter of Westminster is required to prepare financial statements for each year to give a true and fair view of the Collegiate Church of Saint Peter Westminster's financial activities during the year and of its financial position at the end of the year.

Report of the Dean and Chapter (continued)

For the year ended 29 September 2008

Statement of the financial responsibilities of the Dean and Chapter of Westminster (continued)

In preparing these financial statements, the Dean and Chapter has to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards; and
- prepare the financial statements on the going concern basis.

The Dean and Chapter of Westminster is also responsible for keeping proper accounting records which disclose its financial position with reasonable accuracy at any time, for safeguarding the assets of the Abbey, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Dean and Chapter; the work carried out by the auditor does not involve consideration of these matters, and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Management controls and risk

The Dean and Chapter have responsibilities for ensuring that effective management controls are in place and operate effectively. They consider that existing controls are appropriate for the size and nature of Westminster Abbey's operations. The Dean and Chapter confirm that this remains the case through regular reviews of management information, the receiving of reports from key department heads and regular committee meetings held throughout the year.

Internal risks are minimised through procedures for authorisation of all transactions and projects, and periodic review to ensure consistent quality. During the year risks are addressed as part of the continuous review of major operational and financial issues. The Abbey's risk management process will continue to be developed, with regular reviews and updating of the risk register and targeted assessments of specific areas of concern.

Reserves policy

The Dean and Chapter has a policy whereby the level of free cash reserves should be sufficient, although not excessive, to cover both short and longer term volatility in day-to-day income. It is currently estimated that £3 million is required to cover short term volatility, the result of variations in net annual income from year to year, seasonal fluctuations in tourist revenues and timing delays of payments on projects funded externally but in arrears. This reserve, invested in liquid assets, was fully funded at 29 September 2008 (see note 13 – Unrestricted funds).

Report of the Dean and Chapter (continued)

For the year ended 29 September 2008

Reserves policy (continued)

In addition, the intention is to build up additional reserves to a level to cover total resources expended annually, in order to cover the significant reduction in net revenues associated with, for example, a catastrophic decline in London's tourism business. The target for reserves to cover this longer term volatility is £7 million, which would give a total of £10 million, to cover both short and longer term volatility. This longer term reserve, which is managed by the Investment Committee, has been funded during the year to a level of £2,639,000, although it has suffered investment losses of £352,000, leaving a balance at year end of £2,287,000 (see note 13 – Unrestricted funds).

Once this reserve is fully funded, the Dean and Chapter will be considering the level of reserves required to cover a sudden, unpredicted call for major fabric expenditure. During the current year, in advance of this exercise, there has been a review of the provisions of the insurance policy and, specifically, its coverage of fabric losses.

The overriding aim is to ensure as far as possible that the Abbey's mission is safeguarded.

This report was approved by the Dean and Chapter of Westminster on 22 January 2009.

JR Hall

AR Wright

N Sagovsky

RP Reiss

JB Hedges

Independent auditor's report

Independent auditor's report to the Dean and Chapter of The Collegiate Church of Saint Peter Westminster

I have audited the accounts of The Collegiate Church of Saint Peter Westminster for the year ended 29 September 2008 ('the accounts') which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes 1 to 18. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the Dean and Chapter. My audit work has been undertaken so that I might state to the Dean and Chapter those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Dean and Chapter, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and auditors

As described in the Report of Dean and Chapter you are responsible as the Dean and Chapter of The Collegiate Church of Saint Peter Westminster for the preparation of the accounts in accordance with applicable law, United Kingdom Accounting Standards and the Statement of Recommended Practice for Charities.

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

I report to you my opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Charities Act 1993. I also report to you if, in my opinion, the Report of the Dean and Chapter is not consistent with the accounts, if the Abbey has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read other information contained in the Report of the Dean and Chapter and consider whether it is consistent with the audited accounts. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounts. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the The Collegiate church of St Peter Westminster's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the accounts:

- give a true and fair view of the state of affairs of The Collegiate Church of Saint Peter Westminster and its subsidiaries (the Group) as at 29 September 2008 and of the Group's incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

Chartered Accountant
Registered Auditor

25 Moorgate
London
EC2R 6AY

Consolidated statement of financial activities

For the year ended 29 September 2008

| | Notes | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | 2008 Total £'000 | 2007 Total £'000 |
|---|-------|-----------------------|---------------------|--------------------|------------------------|------------------------|
| Incoming resources | | | | | | |
| Charges made to visitors | | 7,551 | - | - | 7,551 | 7,509 |
| Choir School fees | | 183 | - | - | 183 | 171 |
| Donations and gifts | 2 | 218 | 532 | - | 750 | 578 |
| Income of trading subsidiary | 4 | 2,673 | - | - | 2,673 | 2,660 |
| Income from special events | | 481 | - | - | 481 | 424 |
| Other income | | 25 | 11 | - | 36 | 21 |
| Total operating income | | 11,131 | 543 | - | 11,674 | 11,363 |
| Investment income | 3 | 650 | 351 | - | 1,001 | 960 |
| Total incoming resources | | 11,781 | 894 | - | 12,675 | 12,323 |
| Resources expended | | | | | | |
| Costs of generating income | | | | | | |
| Expenditure of trading subsidiary | 4 | 1,912 | - | - | 1,912 | 1,955 |
| Charitable expenditure | | | | | | |
| Religious activities | | 1,843 | 133 | - | 1,976 | 1,976 |
| Visitor-related | | 2,098 | - | - | 2,098 | 1,865 |
| Choir and music | | 1,738 | 109 | - | 1,847 | 1,778 |
| Upkeep | | 2,922 | 644 | 135 | 3,701 | 2,607 |
| Expenditure of special events | | 672 | - | - | 672 | 505 |
| Total charitable expenditure | | 9,273 | 886 | 135 | 10,294 | 8,731 |
| Total resources expended | 5 | 11,185 | 886 | 135 | 12,206 | 10,686 |
| Net incoming/(outgoing) resources during the year before transfers | | 596 | 8 | (135) | 469 | 1,637 |

Consolidated statement of financial activities (continued)

For the year ended 29 September 2008

| | Notes | Unrestricted £'000 | Restricted £'000 | Endowment £'000 | 2008 Total £'000 | 2007 Total £'000 |
|---|-------|-----------------------|---------------------|--------------------|------------------------|------------------------|
| Net incoming/(outgoing) resources during the year before transfers | | 596 | 8 | (135) | 469 | 1,637 |
| Transfers between funds in the year | 12,13 | (22) | 22 | - | - | - |
| Net incoming/(outgoing) resources after transfers, before other recognised gains and losses | | 574 | 30 | (135) | 469 | 1,637 |
| Net investment (losses)/gains during the year on listed investments | 6,7 | (387) | (216) | (1,941) | (2,544) | 1,330 |
| Net (losses)/gains during the year on investment property and freehold land and buildings | 6,7 | - | - | (3,411) | (3,411) | 8,285 |
| Actuarial (losses)/gains on defined benefit pension scheme | | (1,540) | - | - | (1,540) | 627 |
| Net movement in funds during the year | | (1,353) | (186) | (5,487) | (7,026) | 11,879 |
| Reconciliation of funds including defined benefit pension scheme liability: | | | | | | |
| Opening fund balances | | | | | | |
| 30 September 2007 | | 3,777 | 1,209 | 32,879 | 37,865 | 25,986 |
| Fund balances carried forward at 29 September 2008 | | 2,424 | 1,023 | 27,392 | 30,839 | 37,865 |

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet

As at 29 September 2008

| | Notes | 2008 £'000 | 2007 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 11,778 | 13,680 |
| Investments | 7 | 21,652 | 25,015 |
| | | <u>33,430</u> | <u>38,695</u> |
| Current assets | | | |
| Stocks - goods for resale | | 184 | 170 |
| Debtors | 8 | 602 | 483 |
| Cash at bank | | 859 | 1,505 |
| | | <u>1,645</u> | <u>2,158</u> |
| Creditors: amounts falling due within one year | 9 | <u>(1,242)</u> | <u>(1,425)</u> |
| Net current assets | | <u>403</u> | <u>733</u> |
| Total assets less current liabilities | | 33,833 | 39,428 |
| Creditors: amounts falling due after more than one year | 10 | <u>(6)</u> | <u>(6)</u> |
| Net assets excluding pension liability | | 33,827 | 39,422 |
| Defined benefit pension scheme liability | 15 | <u>(2,988)</u> | <u>(1,557)</u> |
| Net assets | | <u><u>30,839</u></u> | <u><u>37,865</u></u> |
| Capital funds | | | |
| Permanent endowment funds | 11 | 27,392 | 32,879 |
| Income funds | | | |
| Restricted funds | 12 | 1,023 | 1,209 |
| Unrestricted funds: | | | |
| Unrestricted funds excluding pension reserve | 13 | 5,412 | 5,334 |
| Pension reserve | 15 | (2,988) | (1,557) |
| Total unrestricted funds | | <u>2,424</u> | <u>3,777</u> |
| | | <u><u>30,839</u></u> | <u><u>37,865</u></u> |

The financial statements were approved by the Dean and Chapter of Westminster on 22 January 2009

JR Hall

AR Wright

N Sagovsky

RP Reiss

JB Hedges

The accompanying notes form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 29 September 2008

| | 2008 £'000 | 2007 £'000 |
|---|-----------------------|---------------------|
| Reconciliation of changes in resources to net cash outflow from operating activities | | |
| Net incoming resources before investment gains | 469 | 1,637 |
| Depreciation | 337 | 195 |
| FRS 17 adjustment | (109) | (274) |
| (Increase) in stock | (14) | (24) |
| (Increase) in debtors | (119) | (59) |
| (Decrease) in creditors | (183) | (30) |
| Net cash inflow from operations | <u>381</u> | <u>1,445</u> |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (466) | (87) |
| Receipts from sale of tangible assets | - | 1 |
| Receipts from sales of investments | 1,722 | 3,795 |
| Purchase of investments | (2,778) | (3,680) |
| Net cash (outflow)/inflow from capital expenditure and financial investment | <u>(1,522)</u> | <u>29</u> |
| (Decrease)/increase in cash in the year | <u>(1,141)</u> | <u>1,474</u> |

| | At 29 September 2007 £'000 | Cash flow £'000 | At 29 September 2008 £'000 |
|-----------------------------|-------------------------------------|--------------------|-------------------------------------|
| Analysis of net cash | | | |
| Cash at bank and on deposit | 1,505 | (646) | 859 |
| Cash held as investments | 3,646 | (495) | 3,151 |
| Total | <u>5,151</u> | <u>(1,141)</u> | <u>4,010</u> |

Notes to the financial statements

For the year ended 29 September 2008

1 Accounting policies

The principal accounting policies are set out below. All of the policies have been applied consistently throughout the year and the preceding year.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and certain properties, and in compliance with applicable Accounting Standards. They comply with the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005).

The consolidated financial statements include the income, expenditure, assets and liabilities of:

Westminster Abbey, including Westminster Abbey Choir School, St Margaret's Church, and the Westminster Abbey Appeal 1953 Trust Fund and other funds;

Westminster Abbey Investment Pool;

Westminster Abbey Enterprises Limited; and

Whicher & Kifford Almshouses

The financial statements of the Garfield Weston Trust for Westminster Abbey are not included because the Trust has external trustees and is not the responsibility of the Dean and Chapter of Westminster.

b) Fund accounting

All movements on funds, including new endowments, are reflected through the statement of financial activities, being allocated to the appropriate fund. Designated funds comprise funds which have been set aside at the discretion of the Dean and Chapter to help finance specific projects and build reserves. Restricted funds are subject to specific restricted conditions imposed by donors.

c) Income

Income is accounted for on an accruals basis. Gift aid and covenanted income is included gross of attributable tax recoverable. Donations, gifts and legacies are included in full in the statement of financial activities where there is certainty, measurement and entitlement. Turnover has been included for a 52 week period (2007 - 52 weeks).

d) Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Administration costs represent the costs of the office of the Receiver General, including IT support, the finance, protocol and press departments, legal services and certain central overheads (e.g. insurance). These costs have been apportioned on appropriate bases to the charitable expenditure categories.

Notes to the financial statements (continued)

For the year ended 29 September 2008

1 Accounting policies (continued)

e) Leases and finance leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. Such assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

f) Tangible fixed assets and depreciation

The balance sheet does not include any amount in respect of the heritage assets, the historic buildings and their contents, referred to below, because it is not considered practicable to obtain valuations. All of these buildings are used by the Abbey for worship, administration purposes or occupation by Abbey Clergy or other members of Abbey staff.

The Abbey and its precincts, including Treasury, Library and Muniments room and gardens;
St Margaret's Church;
Certain official houses; and
Certain other properties within the boundaries of the Abbey.

The contents of these historic buildings comprise, inter alia:

Numerous tombs, monuments, memorials, shrines and statues;
Windows of stained and coloured glass;
Bells, organs and musical instruments;
Furniture, plates, crosses, candlesticks and vestments;
Printed books, music, archives and manuscripts; and
Certain more personal effects of individuals that have been connected with the Abbey over the centuries.

Included within tangible fixed assets, freehold land and buildings, are the following properties:

Choir School and associated buildings
The Chapter Office, 20 Dean's Yard
21 Dean's Yard
Headmaster's house, 3b Dean's Yard
4b Dean's Yard

These properties are valued using the 'existing value in use' method. Depreciation is charged on a straight line basis on the freehold buildings over 100 years.

Notes to the financial statements (continued)

For the year ended 29 September 2008

1 Accounting policies (continued)

f) Tangible fixed assets and depreciation (continued)

A number of freehold properties are held for investment purposes and are stated in the balance sheet at valuation. No depreciation is charged on these properties. Realised and unrealised gains and losses on investment properties are reflected in the movement on permanent endowment funds.

The freehold almshouses are stated at cost. Depreciation is provided on rehabilitation expenditure (net of grants), on a straight line basis over a period of 22 years.

Other fixed assets are stated in the balance sheet at cost and are depreciated at rates estimated to write them off over their expected useful lives, which are considered to be:

| | |
|-----------------------|--------------|
| Fixtures and fittings | 10 years |
| Equipment | 3 years |
| Computers | 1 to 4 years |

g) Housing Association grants

Housing Association grants were paid by the Housing Corporation to reduce the cost of development and are therefore shown as a deduction from the cost of the freehold almshouses. Housing Association grants are repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to net proceeds of sale.

h) Investments and investment income

Investments are stated in the balance sheet at market value at the balance sheet date. It is the Abbey's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the statement of financial activities only includes those gains and losses arising from the revaluation of the investment portfolio during the year.

Where cash balances have either been placed with the investment managers for future investment, or form the assets representing the longer term element of the reserve set up to cover volatility in day-to-day revenues, they are included within investments.

All investment income is reflected through the statement of financial activities. Income from investments is allocated to funds based on the constitution or origin of the fund.

Notes to the financial statements (continued)

For the year ended 29 September 2008

1 Accounting policies (continued)

i) Pension costs

The Abbey operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Abbey, being invested with an insurance company. Contributions into the scheme are made in accordance with advice received from the scheme's actuary. Current service costs, net financial returns and actuarial gains and losses are included in the SOFA.

The Abbey makes certain contributions to a defined contribution scheme which are charged to resources expended.

The Abbey also participates in the Church of England Funded Pensions Scheme for six employees. The scheme is a defined benefit scheme, but the Abbey is unable to identify its share of the underlying assets and liabilities and therefore the scheme has been accounted for as a defined contribution pension scheme in accordance with FRS 17.

j) Stocks

Stock, which comprises goods for resale, is stated at the lower of cost and net realisable value.

2 Donations and gifts

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Abbey candle boxes | 72 | 71 |
| Service collections | 183 | 156 |
| Donations from Garfield Weston Trust towards fabric expenditure | 216 | 218 |
| Grants from Getty Foundation towards conservation of the Cosmati pavement | 101 | - |
| Grants from the World Monuments Fund towards conservation of the Sedilia | 42 | - |
| Other donations and gifts | 136 | 133 |
| | <u>750</u> | <u>578</u> |

3 Investment income

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Investment income is analysed as follows: | | |
| Investment properties | 437 | 438 |
| Investments listed on a recognised stock exchange | 424 | 388 |
| Interest on cash deposits | 140 | 134 |
| | <u>1,001</u> | <u>960</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

4 Trading subsidiary

The Abbey has a wholly owned subsidiary registered in England and Wales, Westminster Abbey Enterprises Limited. It operates the Abbey's shop and carries out other commercial activities. The company gifts the taxable profits under Gift Aid to the Abbey and also pays rent and management charges to the Abbey. A summary of the trading results and balance sheet of Westminster Abbey Enterprises Limited is shown below:

Profit and loss account for the year ended 30 September 2008:

| | 2008 £'000 | 2007 £'000 |
|--|----------------|----------------|
| Sales | 2,673 | 2,660 |
| Cost of sales | <u>(1,174)</u> | <u>(1,177)</u> |
| Gross profit | 1,499 | 1,483 |
| Administrative expenses | (738) | (778) |
| Management charge from Westminster Abbey | (108) | (40) |
| Bank interest received | <u>7</u> | <u>9</u> |
| Net profit | 660 | 674 |
| Gift aid to Westminster Abbey | <u>(670)</u> | <u>(671)</u> |
| (Loss)/profit on ordinary activities before taxation | (10) | 3 |
| Taxation credit | <u>2</u> | <u>8</u> |
| (Charged against reserves) / retained in subsidiary | <u>(8)</u> | <u>11</u> |

Balance sheet at 30 September 2008:

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Tangible fixed assets | 16 | 59 |
| Current assets | 455 | 946 |
| Creditors: amounts falling due within one year | <u>(411)</u> | <u>(937)</u> |
| | <u>60</u> | <u>68</u> |
| Share capital | 50 | 50 |
| Profit and loss account | <u>10</u> | <u>18</u> |
| | <u>60</u> | <u>68</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

5 Analysis of total resources expended

| | Staff costs £'000 | Other £'000 | Depreciation £'000 | Support allocation £'000 | 2008 Total £'000 | 2007 Total £'000 |
|---------------------------------------|----------------------|----------------|-----------------------|--------------------------------|------------------------|------------------------|
| Cost of generating funds: | | | | | | |
| Expenditure of trading subsidiary | 524 | 1,344 | 44 | - | 1,912 | 1,955 |
| Direct charitable expenditure: | | | | | | |
| Religious activities | 1,109 | 413 | - | 454 | 1,976 | 1,976 |
| Choir and music | 1,004 | 388 | 7 | 448 | 1,847 | 1,778 |
| Visitor related | 1,062 | 326 | 137 | 573 | 2,098 | 1,865 |
| Upkeep | 1,309 | 1,632 | 135 | 625 | 3,701 | 2,607 |
| Special events | - | 451 | - | 221 | 672 | 505 |
| Support | 1,307 | 1,000 | 14 | (2,321) | - | - |
| Total | 6,315 | 5,554 | 337 | - | 12,206 | 10,686 |

Support costs refer to the costs of the office of the Receiver General, IT, finance and press departments, legal services and certain central overheads (e.g. insurance). These costs have been apportioned on appropriate bases (per capita, time etc.) to the charitable expenditure categories as indicated above.

This has resulted in the following allocation of support costs:

| | Religious activities | Choir & music | Visitor related | Upkeep | Special events |
|------------------|----------------------|---------------|-----------------|--------|----------------|
| Central function | | | | | |
| IT | 21% | 21% | 24% | 31% | 3% |
| Legal | 20% | 20% | 20% | 20% | 20% |
| Administration | 19% | 19% | 20% | 33% | 9% |
| Finance | 19% | 18% | 18% | 39% | 6% |
| Press | 21% | 21% | 48% | 2% | 8% |

Included in the support costs above are the following figures:

| | 2008 £'000 | 2007 £'000 |
|--|---------------|---------------|
| Auditor's remuneration (paid to related auditors) | | |
| - audit services: Abbey | 43 | 41 |
| Remuneration paid to related auditors | | |
| - audit services: other entities | 10 | 11 |
| : Retirement and Death Benefit Scheme | 8 | 8 |
| Remuneration paid to related companies of the related auditors | | |
| - advisory services: Abbey | 1 | - |
| | <u>1</u> | <u>-</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

6 Tangible fixed assets

| | Freehold land and buildings | Freehold almshouses | Fixtures, fittings and equipment | Total |
|---|-----------------------------------|------------------------|--|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation: | | | | |
| 30 September 2007 | 13,540 | 188 | 646 | 14,374 |
| Additions | - | - | 466 | 466 |
| Diminution in value | (2,031) | - | - | (2,031) |
| 29 September 2008 | 11,509 | 188 | 1,112 | 12,809 |
| Housing Association Grants: | | | | |
| 30 September 2007 and 29 September 2008 | - | 176 | - | 176 |
| Depreciation: | | | | |
| 30 September 2007 | - | 9 | 509 | 518 |
| Charge for the year | 135 | - | 202 | 337 |
| 29 September 2008 | 135 | 9 | 711 | 855 |
| Net book value: | | | | |
| 29 September 2008 | 11,374 | 3 | 401 | 11,778 |
| 29 September 2007 | 13,540 | 3 | 137 | 13,680 |

At 29 September 2007, the freehold land and buildings were included at open market value on the existing use basis, as valued by Knight Frank, chartered surveyors. In the light of current economic conditions and the impact on property valuations, the Dean and Chapter have considered it prudent to recognise a diminution in value since that date of 15%. It is intended that the freehold land and buildings will be professionally valued again in two years' time.

The freehold almshouses are used to house the residents of the Whicher and Kifford charity. The almshouses are charged to secure repayment of loans from the Housing Corporation.

As at 29 September 2008, there were no capital commitments (2007: nil).

Notes to the financial statements (continued)

For the year ended 29 September 2008

7 Fixed asset investments

| | | | 2008 | 2007 |
|--|-----------------------------------|----------------------|----------------|----------------|
| | Investment properties £'000 | Investments £'000 | Total £'000 | Total £'000 |
| Market value | | | | |
| At 29 September 2007 | 9,200 | 12,169 | 21,369 | 16,699 |
| Disposal proceeds | - | (1,722) | (1,722) | (3,795) |
| Acquisitions at cost | - | 2,778 | 2,778 | 3,680 |
| Net (losses)/gains on revaluation and realisation | - | (2,544) | (2,544) | 1,060 |
| Diminution in value | (1,380) | - | (1,380) | 3,725 |
| At 29 September 2008 | 7,820 | 10,681 | 18,501 | 21,369 |
| Cash held as investments | - | 3,151 | 3,151 | 3,646 |
| Total value of investments held at 29 September 2008 | <u>7,820</u> | <u>13,832</u> | <u>21,652</u> | <u>25,015</u> |
| Historical cost at 29 September 2008 | - | 12,962 | 12,962 | 12,261 |
| Investments are analysed as follows: | | | | |
| Investment properties | 7,820 | - | 7,820 | 9,200 |
| Listed investments – United Kingdom | - | 7,644 | 7,644 | 9,857 |
| - Overseas | - | 3,037 | 3,037 | 2,312 |
| Cash | - | 3,151 | 3,151 | 3,646 |
| | <u>7,820</u> | <u>13,832</u> | <u>21,652</u> | <u>25,015</u> |

At 29 September 2007, the investment properties were included at open market value, as valued by Knight Frank, chartered surveyors. In the light of current economic conditions and the impact on property valuations, the Dean and Chapter have considered it prudent to recognise a diminution in value since that date of 15%. It is intended that the investment properties will be professionally valued again in two years' time.

8 Debtors: amounts falling due within one year

| | 2008 £'000 | 2007 £'000 |
|--------------------------------|---------------|---------------|
| Other debtors | 599 | 384 |
| Prepayments and accrued income | 3 | 99 |
| | <u>602</u> | <u>483</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

9 Creditors: amounts falling due within one year

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Taxes and social security costs | 556 | 556 |
| Other creditors | 290 | 501 |
| Accruals and deferred income | 395 | 367 |
| Amounts due on Housing Corporation loan | 1 | 1 |
| | <u>1,242</u> | <u>1,425</u> |

10 Creditors: amounts falling due after more than one year

| | 2008 £'000 | 2007 £'000 |
|-------------------------------------|---------------|---------------|
| Housing Corporation loan | <u>6</u> | <u>6</u> |
| Split as follows: | | |
| Housing Corporation loan repayable: | | |
| Between two and five years | 4 | 3 |
| After five years | 2 | 3 |
| | <u>6</u> | <u>6</u> |

The loan from the Housing Corporation, used to finance an earlier refurbishment of the property, is secured by a charge on the freehold almshouses. It is repayable by equal instalments of principal and interest, the final instalment falling due on 1 August 2015. Interest is charged on the loan at 10.875% per annum.

Notes to the financial statements (continued)

For the year ended 29 September 2008

11 Permanent endowment funds

| | Balance 30 September 2007 £'000 | Expenditure £'000 | Investment losses £'000 | Transfers £'000 | Balance 29 September 2008 £'000 |
|-------------------------------|--|----------------------|-------------------------------|--------------------|--|
| 1953 Choir School Endowment | 2,458 | - | (471) | - | 1,987 |
| 1953 Fabric Coronation Fund | 2,667 | - | (510) | - | 2,157 |
| Church Commissioners Property | 3,538 | - | (677) | - | 2,861 |
| St Margaret's funds | 386 | - | (74) | - | 312 |
| Scholarships and prizes | 706 | - | (135) | - | 571 |
| Memorial funds | 14 | - | (3) | - | 11 |
| Other fabric funds | 277 | - | (53) | - | 224 |
| Properties revaluation | 22,740 | (135) | (3,411) | - | 19,194 |
| Other funds | 93 | - | (18) | - | 75 |
| | <u>32,879</u> | <u>(135)</u> | <u>(5,352)</u> | <u>-</u> | <u>27,392</u> |

12 Restricted funds

| | Balance 29 September 2007 £'000 | Incoming resources £'000 | Expenditure £'000 | Investment losses £'000 | Transfers £'000 | Balance 29 September 2008 £'000 |
|-----------------------------------|--|--------------------------------|----------------------|-------------------------------|--------------------|--|
| 1953 Choir School Endowment | - | 76 | (76) | - | - | - |
| 1953 Fabric Coronation Fund | - | 82 | (82) | - | - | - |
| Church Commissioners Property | - | 109 | (109) | - | - | - |
| 1953 Coronation Appeal Reserve | 281 | 9 | - | (54) | - | 236 |
| Scholarships and prizes | 289 | 36 | (30) | (55) | (1) | 239 |
| Fabric funds | 281 | 393 | (443) | (48) | 23 | 206 |
| St Margaret's funds | 54 | 28 | (22) | (9) | - | 51 |
| Almshouse funds | 28 | 1 | - | - | - | 29 |
| Charitable funds | 9 | 122 | (111) | - | - | 20 |
| Memorial funds | 122 | 4 | (1) | (23) | - | 102 |
| Other funds | 145 | 34 | (12) | (27) | - | 140 |
| | <u>1,209</u> | <u>894</u> | <u>(886)</u> | <u>(216)</u> | <u>22</u> | <u>1,023</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

13 Unrestricted funds

| | Balance 29 September 2007 £'000 | Incoming resources £'000 | Expenditure £'000 | Investment losses £'000 | Actuarial losses £'000 | Transfers £'000 | Balance 29 September 2008 £'000 |
|---|--|--------------------------------|----------------------|-------------------------------|------------------------------|--------------------|--|
| General funds | 41 | 11,740 | (10,756) | (8) | | (1,001) | 16 |
| Designated funds: | | | | | | | |
| Fabric fund | 543 | 4 | (494) | - | - | - | 53 |
| Almshouse funds | 24 | - | - | - | - | 2 | 26 |
| Charitable giving | 21 | 37 | (31) | - | - | - | 27 |
| Other funds | 18 | - | (13) | - | - | (2) | 3 |
| Reserves to cover volatility in day-to-day revenues: | | | | | | | |
| Short term | 2,413 | - | - | (27) | - | 614 | 3,000 |
| Longer term | 2,274 | - | - | (352) | - | 365 | 2,287 |
| Total unrestricted funds excluding pension liability | 5,334 | 11,781 | (11,294) | (387) | - | (22) | 5,412 |
| Defined benefit pension scheme liability | (1,557) | - | 109 | - | (1,540) | - | (2,988) |
| | <u>3,777</u> | <u>11,781</u> | <u>(11,185)</u> | <u>(387)</u> | <u>(1,540)</u> | <u>(22)</u> | <u>2,424</u> |

14 Analysis of net assets between funds

| | Unrestricted £'000 | Restricted £'000 | Permanent endowment £'000 | 2008 Total £'000 |
|---|-----------------------|---------------------|---------------------------------|------------------------|
| Fund balances at 29 September 2008 are represented by: | | | | |
| Tangible fixed assets | 404 | - | 11,374 | 11,778 |
| Investments | 4,641 | 1,023 | 15,988 | 21,652 |
| Net current assets | 373 | | 30 | 403 |
| Long term liabilities | (6) | - | - | (6) |
| Defined benefit pension scheme liability | (2,988) | - | - | (2,988) |
| Total net assets | <u>2,424</u> | <u>1,023</u> | <u>27,392</u> | <u>30,839</u> |
| Unrealised gains included above | <u>-</u> | <u>31</u> | <u>8,659</u> | <u>8,690</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

15 Pension costs

The total pension charge for the year was:

| | 2008 £'000 | 2007 £'000 |
|---|---------------|---------------|
| Westminster Abbey 1972 Retirement and Death Benefits Scheme | 363 | 488 |
| Defined contribution scheme | 21 | 23 |
| Church of England Funded Pensions Scheme | 58 | 53 |
| | <u>442</u> | <u>564</u> |

Employees of the Abbey are eligible for membership of the Westminster Abbey 1972 Retirement and Death Benefits Scheme which provides benefits based on final pensionable salary.

FRS 17 disclosures

The FRS 17 calculations have been carried out by an independent qualified actuary and relate to the Westminster Abbey 1972 Retirement and Death Benefits scheme.

The amounts recognised in the balance sheet are as follows :

| | 2008 £'000 | 2007 £'000 |
|-------------------------------------|-----------------|-----------------|
| Fair value of scheme assets | 10,718 | 12,087 |
| Present value of funded obligations | <u>(13,706)</u> | <u>(13,644)</u> |
| Deficit | <u>(2,988)</u> | <u>(1,557)</u> |

The amounts recognised in the statement of financial activities are as follows :

| | 2008 £'000 | 2007 £'000 |
|----------------------------------|----------------|---------------|
| Current service cost | 363 | 488 |
| Interest cost | 795 | 701 |
| Expected return on scheme assets | <u>(825)</u> | <u>(616)</u> |
| Total | <u>333</u> | <u>573</u> |
| Actual return on scheme assets | <u>(1,288)</u> | <u>475</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

15 Pension costs (continued)

Changes in the present value of the defined benefit obligation are as follows :

| Defined benefit pension schemes | 2008 £'000 | 2007 £'000 |
|--------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 13,644 | 13,615 |
| Current service cost | 363 | 488 |
| Interest cost | 795 | 701 |
| Contributions by scheme participants | 169 | 162 |
| Actuarial (gains) / losses | (565) | (840) |
| Benefits paid | (700) | (482) |
| Closing defined benefit obligation | <u>13,706</u> | <u>13,644</u> |

Changes in the present value of scheme assets (excluding any AVC's) are as follows :

| Defined benefit pension schemes | 2008 £'000 | 2007 £'000 |
|--------------------------------------|---------------|---------------|
| Opening fair value of scheme assets | 12,087 | 11,157 |
| Expected return | 825 | 616 |
| Actuarial (losses) / gains | (2,113) | (213) |
| Contributions by employer | 442 | 847 |
| Contributions by scheme participants | 177 | 162 |
| Benefits paid | (700) | (482) |
| Closing fair value of scheme assets | <u>10,718</u> | <u>12,087</u> |

The participating employers expect to contribute £550,000 to the scheme in 2009.

Notes to the financial statements (continued)

For the year ended 29 September 2008

15 Pension costs (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows :

| | 2008 | 2007 |
|-----------------------|-------------|-------------|
| Equities | 45% | 47% |
| Bonds | 18% | 9% |
| Insured annuities | 13% | 13% |
| Cash and other assets | 24% | 31% |
| Total | <u>100%</u> | <u>100%</u> |

Principal actuarial assumptions at balance sheet date (expressed as weighted averages) :

| | 2008 | 2007 |
|---|--|------------|
| Discount rate at 30 September | 6.70% | 5.90% |
| Expected return on scheme assets at 30 September | 7.30% | 6.80% |
| Future salary increases | 4.20% | 4.00% |
| Future pension increases | 3.70% | 3.50% |
| Inflation assumption | 3.20% | 3.00% |
| Proportion of employees opting for early retirement | 0.00% | 0.00% |
| Mortality | SAPS Heavy with medium cohort mortality improvement factors and a 1% underpin to annual improvements | PA90-4 |
| Life expectancy of a 65 year old male | | |
| - now | 18.3 years | 17.3 years |
| - in 20 years time | 20.4 years | 17.3 years |

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|----------|----------|----------|----------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Defined benefit obligation | (13,706) | (13,644) | (13,615) | (12,685) | (10,583) |
| Scheme assets | 10,718 | 12,087 | 11,157 | 10,235 | 6,629 |
| Deficit | (2,988) | (1,557) | (2,458) | (2,450) | (3,954) |
| Experience adjustments on scheme liabilities | (21) | - | - | 183 | - |
| Experience adjustments on scheme assets | (2,113) | (213) | 333 | 652 | 291 |

The Scheme has approximately 300 members.

Notes to the financial statements (continued)

For the year ended 29 September 2008

15 Pension costs (continued)

The Abbey also participates in the Church of England Funded Pensions Scheme and employs 7 members of the scheme.

The Church of England Funded Pensions Scheme is a defined benefit scheme, with each employer in the scheme paying a common contribution rate, but the Abbey is unable to identify its share of the underlying assets and liabilities and, therefore, the scheme has been accounted for as a defined benefit contribution pension scheme. The latest valuation of the scheme was carried out as at 31 December 2006. This revealed a shortfall of £141 million, with assets of £468 million and a funding target of £609 million, assessed using the following assumptions:

| | |
|----------------------------------|-----------------|
| Investment return | 4.25% per annum |
| Increase in pensionable stipends | 4.6% per annum |
| Pension increases | 3.1% per annum |

16 Employees and employee costs

Number of employees

The average number of persons employed by the Abbey during the year was:

| | 2008 Number | 2007 Number |
|---|----------------|----------------|
| Clergy | 7 | 7 |
| Other Abbey, maintenance and administration staff | 195 | 188 |
| | <u>202</u> | <u>195</u> |

Employment costs

| | 2008 £'000 | 2007 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 4,688 | 4,386 |
| Social security costs | 420 | 383 |
| Other pension costs | 500 | 564 |
| | <u>5,608</u> | <u>5,333</u> |

Employees with emoluments exceeding £50,000 are as follows:

| | 2008 Number | 2007 Number |
|-------------------|----------------|----------------|
| £50,001 - £60,000 | 6 | 6 |
| £60,001 - £70,000 | - | 2 |
| £70,001 - £80,000 | 2 | - |
| | <u>8</u> | <u>8</u> |

Notes to the financial statements (continued)

For the year ended 29 September 2008

17 Connected charities

Garfield Weston Trust for Westminster Abbey

The Garfield Weston Trust for Westminster Abbey provides assistance with funding for restoration work on the fabric of Westminster Abbey. The trust, whose membership includes Chapter and independent trustees, meet regularly to approve grants for fabric projects.

The Westmonasterium Trust

The Westmonasterium Trust has been set up to seek funding for Westminster Abbey. It has not yet commenced its activities.

18 Summary income and expenditure account

In accordance with Financial Reporting Standard No. 3 the Dean and Chapter is required to present a summary income and expenditure account, excluding permanent endowments received in the year:

| | 2008 £'000 | 2007 £'000 |
|--|------------------|--------------------|
| Gross income of continuing operations | 10,002 | 9,663 |
| Income from non-charitable trading activities | 2,673 | 2,660 |
| | <hr/> | <hr/> |
| | 12,675 | 12,323 |
| Expenditure of continuing operations | 10,294 | 8,731 |
| Expenditure on non-charitable trading activities | 1,912 | 1,955 |
| | <hr/> | <hr/> |
| | 12,206 | 10,686 |
| Net income before net investment gains | <hr/> <u>469</u> | <hr/> <u>1,637</u> |