

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2015

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

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Annual Report

Legal and Administrative Information

Full legal name and address

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

Administrative Body

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

The Very Revd Andrew Nunn, Dean
The Revd Canon Michael Rawson, Sub Dean and Canon Residentiary
The Revd Canon Dr Mandy Ford, Canon Residentiary
The Revd Canon Leanne Roberts, Canon Residentiary
The Revd Canon Dr Stephen Hance, Canon Residentiary
The Revd Canon Gilly Myers, Canon Residentiary
Mr Matthew Knight, Comptroller
Mr Matthew Hall, Cathedral Warden
Ms Jill Tilley, Cathedral Warden
The Revd Canon Dr Rosemarie Mallett
Ms Gill Reynolds
Mr Adrian Greenwood
Mr Neil McGuinness

In attendance:

The Revd Stephen Stavrou, Succentor
The Revd Canon Wendy Robins, Honorary Curate and Cathedral Chaplain

There were no changes to Chapter membership during 2015.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – *chairman*

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Mrs Barbara Lane

Ms Stephanie Mills

Mr Pip Steen

Ms Jill Tilley

In attendance:

Mrs Toyin Tukasi – *Cathedral Accountant*

Mrs Bridget Abbott – *secretary*

The Fabric Advisory Committee

The Revd Charles Pickstone – *chairman*

Mr Peter Draper

Mr Alfred Fisher

Ms Jane Heath

Mr Luke Hughes

Mr Donald Insall

Miss Gillian Lewis

Mr Guy Rowston

In attendance:

Mr Richard Malins – *secretary*

The Very Revd Andrew Nunn – *Dean*

Ms Kelley Christ – *Cathedral Architect*

Mr Matthew Knight – *Comptroller*

Mr Matthew Hall – *Cathedral Warden*

Director of Music

Mr Peter Wright

Bankers

National Westminster Bank plc

10 Southwark Street

London SE1 1TT

Chapter Clerk and Solicitors

Mr Paul Morris

Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

Independent Auditors

Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

Cathedral Architect

Ms Kelley Christ

A&RME

415 Endsleigh Court

24 Upper Woburn Place

London WC1H 0HQ

Archaeological Consultant

Mrs Nathalie Cohen

17 George Street, Sparrows Green

Wadhurst

East Sussex TN5 6TB

Surveyors

Biscoe Craig Hall

5-6 Staple Inn

Holborn

London WC1V 7QU

Insurers

Ecclesiastical Insurance Group

Beaufort House

Brunswick Road

Gloucester GL1 1JZ

Structure, Governance and Management

Governing Statutes

Southwark Cathedral is governed under the Cathedrals Measure 1999 and by a Constitution and Statutes that came into effect on 23rd April 2000 and subsequently amended in April 2009 and again in November 2013.

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

The Constitution and Statutes require that any person or body having functions under these instruments shall have due regard to the fact that the Cathedral is the seat of the Bishop of Southwark and a centre of worship and mission. The Bishop of Southwark is the Visitor and has the right to be present and to speak at meetings of the Cathedral Council but plays no significant role in the day-to-day decision-making structure of the Cathedral.

The Cathedral's Role in the Diocese

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

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

This relationship is most obviously expressed in acts of worship under the presidency of the Bishop of Southwark which draw people from all over the Diocese. Each year a large number of Diocesan services are held at the Cathedral, including the Blessing of the Oils and Re-affirmation of ordination vows on Maundy Thursday, ordination services, confirmation services, and Archdeaconry visitations. The Cathedral provides a venue for the South East Institute of Theological Education and the training of Readers, both of which are hosted at substantially reduced rates recognising the importance the Chapter places on ministerial education.

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

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

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

The organisational structure of the Cathedral

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

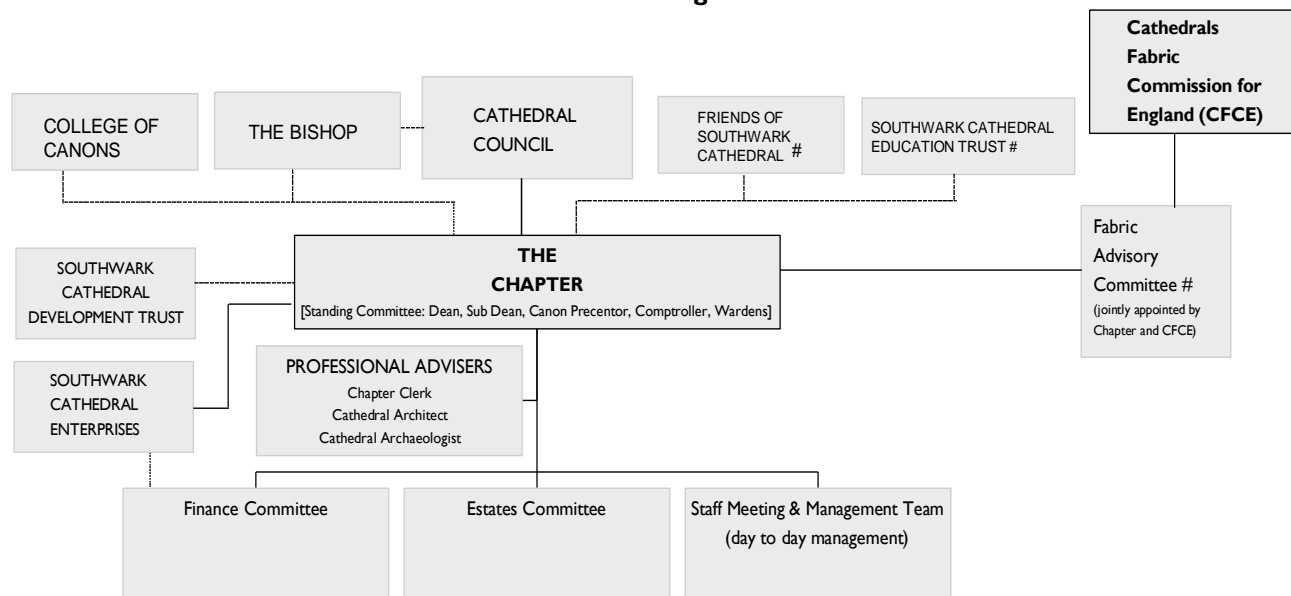
The **Bishop of Southwark** has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan services and events. He is the Visitor and in this role ensures the observance of the Constitution and Statutes.

The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13 members: the Dean, the five Residentiary Canons and seven other ordained and lay members holding appointed or elected positions. Details of the members of Chapter are given on page 2, and the procedure for their appointment is set out on page 6.

The **Cathedral Council** is appointed to further and support the work of the Cathedral and to review and advise upon the work of the Chapter. The Council is made up of 19 people appointed by the Bishop of Southwark, the Bishop's Council, chosen from the Chapter, or elected from the Electoral Roll and College of Canons. In addition, four members are appointed by the Bishop after consultation with the Chapter, who have experience in architectural and conservation matters, finance, education, ecumenism and any other experience and expertise considered beneficial to the Cathedral's work and mission, and two further members from those currently serving in political forums. The Council meets three times a year in March, June and November. The June meeting is held jointly with the Chapter.

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

Southwark Cathedral Organisational Chart



Committees with external membership

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

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

The **Estates Committee** advises the Chapter on the strategic management and maintenance of its property portfolio. Management of day-to-day property maintenance issues lies with the Senior Management Team and the Works Department.

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

- *Southwark Cathedral Enterprises Limited*
This company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking in Montague Close, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 27 and detailed in note 5 to the accounts on page 38.
- *The Southwark Cathedral Development Trust*
This registered charity, formed to raise funds for the Millennium Project, is now dedicated to the fundraising campaign. A summary of the financial performance of the Trust in 2015 is given in the Fundraising Report on pages 10 and 11 and in note 21 to the accounts on page 52.

Statement of the Chapter Members' responsibilities

The Chapter members are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Cathedrals in England and Wales requires the Chapter members to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Cathedral and of the incoming resources and application of resources of the Cathedral for that period. In preparing these financial statements, the Chapter members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Cathedral will continue in business.

The Chapter members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Cathedral and enable them to ensure that the financial statements comply with the Cathedrals Measure 1999 and the provisions of the constitution. They are also responsible for safeguarding the assets of the Cathedral and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Method of appointing members to Chapter

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

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

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

Procedures for the induction and training of new members of Chapter

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

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

Investment powers

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

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

Changes to appointments and advisers in 2015

There were a number of changes to the membership of the Cathedral Council. The Revd Canon Michael Rawson joined the Council as a Chapter representative at the start of the year. The Revd Canon Dr Robert Titley resigned in September

following his appointment as Canon Treasurer of Salisbury Cathedral. A successor from the College of Canons has yet to be appointed. Fr Richard Hearn, the Dean of St George's Roman Catholic Cathedral, Southwark, was appointed as the new ecumenical representative following the departure of Canon John O'Toole during the previous year. The Revd Mother Roxanne Hunt joined the Council in March 2015 following her appointment by the Bishop's Council. Peter Wright, Director of Music and staff representative resigned in June 2015 and his place was taken by Alice Willington, the Cathedral's Development Officer.

Cathedral staff

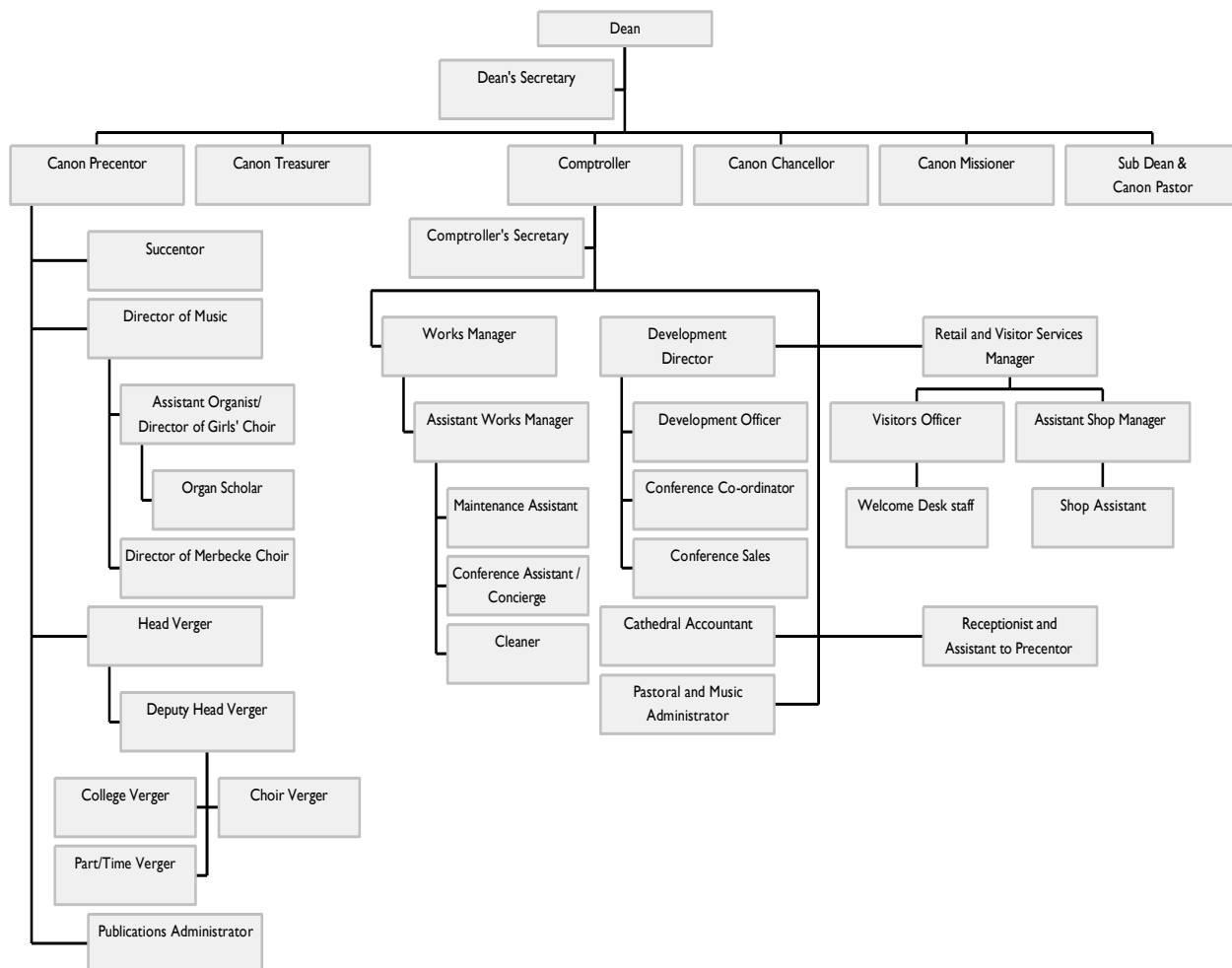
The Chapter is supported by the staff and volunteers of the Cathedral led by the following managers:

Matthew Knight – <i>Comptroller</i>	Rose Harding – <i>Development Director</i>
Toyin Tukasi – <i>Cathedral Accountant</i>	Robert Darling – <i>Works Manager</i>
Peter Wright – <i>Director of Music</i>	Jon Dollin – <i>Retail and Visitors Services Manager</i>
Paul Timms – <i>Head Verger</i>	

There were a small number of staff changes in 2015. In July, Christopher Crentsil, Conference Salesperson working for Southwark Cathedral Enterprises Ltd left for a new post and Francesco Pecorari was appointed in his place. Following the departure of David Payne as Visitors Officer in December 2014, Iain Judge was appointed to the post, part of his responsibilities being to supervise arrangements for the new welcome desk in Lancelot's Link staffed by a team including Ann Gardner, Angela Samuels and Naomi Tunis.

A chart showing the staff structure is set out below. The number of employees is listed in Note 12 of the accounts on page 42, and a list of the voluntary roles appears on page 13.

Staff Organisational Chart



The Cathedral's Mission and Review of the Year

Mission Statement

Following on from the strategic planning work that the clergy team began in February 2015, a new vision and mission statement was developed accompanied by a set of priorities for our future work and mission in the next five years. This work culminated in a presentation to the congregation on the Feast of Christ the King on 22 November 2015 at which the new vision statement was explained. This was followed by an Advent course which invited the congregation to talk about a rule of life, and by a Season of Gifts campaign on stewardship in January 2016. The *Living the Vision* Lent courses in February and March will continue to work towards bringing our priorities to fruition.

The new mission statement, adopted by the Chapter, states:

Southwark Cathedral

an inclusive Christian community
growing in orthodox faith and radical love.

The marks of our community are

- confidence in God and the Gospel
- passion for those on the edge of society
- engagement in vibrant theology and teaching
- prayerful service of our Bishop and Diocese
- love for London and the world

Our rule of life is centred on a commitment to

- worship
- study
- service

and above all

- to the Living God we know in Jesus Christ

Review of the past year

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

2015 was the first year since 2010 that our clergy team was complete, and did not change. However, nothing stays the same for long and we will be saying goodbye to our Succentor, the Revd Stephen Stavrou in March 2016 as he moves to a new post as Team Vicar of St Michael's, Barnes.

The Canon Chancellor, Mandy Ford was involved in the Nationals Team for facilitated conversations which have taken her across the country in the past year. The Dean was also involved in diocesan and regional shared conversations with particular focus on good disagreement around the issues of human sexuality.

We were pleased to welcome the Mayor of London to his final carol service. We have enjoyed a great partnership with the Mayor which began under the previous Dean, Colin Slee. We look forward to that good, and significant, relationship continuing under whoever is next elected as Mayor.

One of the most visible changes in the Cathedral precincts in 2015 was the renovation of the churchyard and the changes to the way the site is accessed. After many years of over use, principally as an outdoor eating space for patrons of nearby food stalls, the churchyard had become an embarrassment as well as a problem to manage. With over 1500 people entering the churchyard *every hour* at peak times, the levels of litter and the lack of respect for what is a burial ground for the ashes of many people, led to the Chapter deciding to change the way this space was accessed. Following re-turfing of the lawns and replanting, from 1 July a new visitor route meant that access to the churchyard was through the Cathedral via a new welcome desk situated at the west end of Lancelot's Link. Having regained control of the space, we organised a number of activities that were not possible before with the number of people using it. The Education Centre were able to offer their first summer holiday activities to local children in August, a very popular giant chess set was used by adults and children alike and mindfulness activities and a prayer labyrinth were organised. Live music was provided on a number of days in July and August. Having secured support from our immediate neighbours for these changes, the initial 2-month trial was extended to a year. However, not everyone was happy with the changes and real concerns were expressed about the effect that locked church gates could have on potential visitors and worshippers who did not find the new entrance at the west end of Lancelot's Link. The effect on visitor numbers and donations in the alms boxes were not as positive as hoped and therefore the Chapter decided to conduct a full review of the project in March 2016 to determine which course to pursue in future.

Southwark Cathedral Enterprises had a third successive year with above-budget profits. Without the work of our commercial activities so much of the work of the Cathedral would not be possible and the Chapter is extremely grateful for the work of the staff and the company's directors in achieving such good results. A full report on their activities can be found on page 21.

The Development Office has successfully raised more than £400,000 in 2015. Its day-to-day running costs are currently being met by a very generous donor which means that almost all of what is raised can be applied to our priorities in funding fabric works to the Cathedral, supporting the choir and, especially in 2015, fundraising for the re-hanging of the bells. This particular appeal was launched at choral Evensong on 14 February 2015 at a service that also commemorated the royal marriage, in this church, of King James I of Scotland and Margaret Beaufort in 1424. The service was attended by, among others, the Primus of the Scottish Episcopal Church, The Mayor of Southwark and the Ross Herald Extraordinary at the Court of the Lord Lyon. We are delighted to be able to report that the full £200,000 cost of the project to re-hang the bells in the tower, to enable them to be rung more effectively and to maintain the Cathedral's position as one of the most important training towers for ringers in the country, was raised within a year and the work is expected to start in June 2016.

Two successful applications to the government-funded World War One Centenary Cathedral Grants Scheme were made, one in September 2014 and one in March 2015. The first had resulted in the award of a grant of £325,000 towards the repair of the nave roof gutters and the re-roofing of the south slope of the nave roof. Work began in September 2014 and was completed in July 2015. The second application resulted in a grant of £12,765 towards the installation of new rainwater disposal arrangements for the Harvard Chapel. The project was completed in October 2015.

An earlier successful application to the Cathedrals Fabric Repair Fund, in September 2013, had resulted in the award of a grant towards urgent stone and monument conservation and environmental monitoring inside the Cathedral. This work has involved students from the City and Guilds of London Art School and their tutors working alongside a professional conservator on some of the most fragile of our wonderful collection of monuments inside the Cathedral. This project will not only ensure protection of monuments but contributes valuable practical experience to the training of the conservators of the future.

In September 2015, a fundraising dinner was held at the Mansion House. The organisation of this very successful event was led by Lady Shireen Chantler and the Chapter is enormously grateful for her many months of dedicated work. The event brought in £110,011 after deduction of event costs. The money was raised for future fabric projects including our aspiration to create step-free access to the Harvard Chapel which is particularly appropriate as the Harvard Club UK were significant supporters of the dinner.

Access issues have become a priority for the Chapter and an access group was established to act as a reference group for the Chapter, the Fabric Advisory Committee and the Cathedral Architect when plans that involve changes to the building layout, signage, lighting, sound system, publications and communications are contemplated. The group is chaired by the Sub Dean, Canon Michael Rawson, and includes membership from the congregation and Cathedral staff.

The Cathedral Chapter is aware that the surrounding area is constantly changing. Of particular concern during the past year has been the rebuilding of London Bridge station as part of the Thameslink project. The disruption to rail services which has resulted has had a noticeable effect on our visitor numbers and also the ease with which members of our congregation can reach us, particularly at weekends. Further restrictions on car parking in the area around the Cathedral and the loss of parking in the Borough Market on occasions have made life more difficult for many. The works to London Bridge station are due to be completed in 2018 but the number of roadworks, road closures and major buildings works around us look set to continue well beyond that.

One of the priorities set out in our new vision statement is prayerful service of the Bishop and Diocese. With the launch of the Parish Support Fund, the new mechanism introduced in January 2016 to fund the ministry and work of the Diocese, the Cathedral Chapter were pleased to be able to take part and contribute to mission activity beyond the Cathedral for the first time. In previous years, and unlike other parishes in the Diocese, the Cathedral did not pay a parish share under the old *Fairer Shares* mechanism but the Chapter enthusiastically decided to play a part in the Parish Support Fund. As a result of the improved financial situation, the Chapter was able to commit to a pledge of £30,000 in 2016. We have also taken the opportunity to sort out some anomalies between Cathedral and Diocese over shared services which mean that we pay a proper contribution towards the work that Diocesan staff do to support certain Cathedral activities (particularly Information Technology and Personnel support). In addition to our Parish Support Fund contribution, the Chapter continues to provide the Cathedral and its facilities to the Diocese at no cost to the Diocese for special services, training events and meetings and this is seen as an important part of our giving. With the news that, in December 2015, we had successfully paid off the remaining loans to the Diocese, we were pleased to be able to report with confidence that all money pledged in the Season of Gifts stewardship campaign would go directly to the mission and ministry of the Cathedral and not to paying off debts from previous years.

During 2015 the Cathedral's overall financial position continued to improve, to the extent that some major investment in our facilities (including refurbishment of the ladies' toilets in the Link) was possible. We were also able to introduce the London Living Wage rate as a minimum for all our directly employed staff. The Chapter is also committed to employing only contractors who offer the living wage to their employees and this applies to all new contracts entered into since September 2015.

The recommendations originally made by the Chapter's Strategic Review carried out in 2009-2010 have now been implemented with the final payment of all our outstanding debts to the Diocese of Southwark being paid in December 2015. The Chapter is grateful for the support of the Diocesan Board of Finance in recent years providing financial assistance during very difficult circumstances.

Efforts to develop new sources of income and control costs are on-going and have been successful, as the improved performance of Southwark Cathedral Enterprises continues to demonstrate. The cashflow position also continues to improve but, as ever, during the budget-setting exercise for 2016 every department was asked to maintain a tight control over expenditure while trying not to affect the core work and mission of the Cathedral. We were very pleased to note the very positive response of the congregation to the Season of Gifts stewardship campaign in January 2016 which has reversed a recent trend for declining congregational giving. The Chapter is very grateful for the continued support of the congregation in providing this very important source of income which enables us to budget and plan ahead with confidence.

Fundraising

The Chapter is always aware of the need to generate sufficient income to enable us to continue our work as a house of prayer, a centre of mission, and as a part of the Christian heritage of south London.

In 2011 it was decided to launch a new fundraising campaign to endow the Cathedral's music, undertake major works to the organ, carry out a large amount of repair work on the Cathedral church, and fund new social mission work in the parish and local area. A Fundraising Executive Group (chaired by the Dean) was formed to develop and implement a coherent and fully-researched fund-raising strategy, oversee the production of publicity, construct an appropriate events programme and approve all applications to foundations and other grant givers. A Fundraising Council was also created to harness the time and talents of individual members in the interests of the trust's fundraising initiative and to orchestrate individual actions so as to maximise the fundraising potential. Throughout the year the Development Office, headed by our Development Director, Rose Harding, and the Development Officer, Alice Willington, has worked hard on grant

applications, special events and appeals to individual donors.

Since 2011, Southwark Cathedral Development Trust has received all donations and made grants to the Cathedral. At the end of 2015, the Trustees were pleased to be able to report that the total raised during the year (after deduction of fundraising costs) was £351,106 (compared with £259,696 during 2014).

Grants were made to the Cathedral of £228,580 for fabric works, £2,474 for the project to re-hang the bells, £5,750 for music (being the second year of an eight-year funding arrangement towards the costs of the Girls Choir following a very successful initiative headed by Dame Mary Archer which has so far raised £45,034) and £4,153 for social mission work.

Review of progress and future plans

In 2014, the Chapter set out the following priorities for the year ahead:

- *establish a strategy and vision for the next stage in the Cathedral's life now that a new clergy team are in place.*

Following a series of awaydays, the clergy team, and then the Chapter, established a new vision and mission statement and a series of priorities for the next phase in the Cathedral's life. The new mission statement is set out on page 8 above.

- *working on ways to enhance and develop our visitor welcome and experience.*

We conducted a number of experiments in changing the visitor route into the Cathedral during the year. As part of these experiments, a new welcome desk was established in Lancelot's Link to provide an enhanced welcome to all visitors. We know there is more work to do in the year ahead to ensure the best possible visitor experience and this will be the subject of future Chapter discussions.

- *generate funds to re-hang the bells and carry out badly-needed refurbishment work on the Cathedral organ*

An appeal was launched in February 2015 to raise £200,000 towards the cost of the project. We are pleased to be able to announce that the full sum was raised by February 2016 and that the work is scheduled to begin in summer 2016. The attention of the Development Office will turn to funding the works to the organ in the year ahead.

- *continue to grow the congregation, not only in numbers, commitment and spirituality, but also in the extent of involvement with, and outreach to, the parish and the wider Diocese*

Our new mission statement, together with our set of priorities for the future, contain a clearly-stated intention to achieve this. The success of a new style of Lent and Advent courses on Sundays have shown a clear appetite among the congregation for deepening faith and understanding through education and this will be built on further in the coming year.

- *consider the call from the Diocese for a generous response from all parishes as part of the move from the old funding model to a new Parish Support Fund to finance Diocesan activities and support poorer parishes*

The Chapter enthusiastically agreed to join other parishes in the diocese in contributing to the Parish Support Fund. A sum of £30,000 was offered for the first year of operation of the Parish Support Fund in 2016.

- *undertake a thorough revision of its risk registers by both the Chapter and the Board of Southwark Cathedral Enterprises*

This review was carried out and a new Risk register completed and signed off by both the Chapter and Board.

Looking ahead, the priorities for the Chapter are to translate the new mission statement into an action plan; give further consideration to the welcome we offer visitors and consider the future of the churchyard entry arrangements; begin to look at ways in which we can increase access to the whole site for all, improve signage and ensure there are no physical barriers preventing all members of our worshipping community from playing a full part in the life of the Cathedral; raising funds for urgent work to the organ console; implementing a review of communications across the Cathedral community; and responding positively to the recent Anglican Primates Conference and the issues raised by the Anglican Communion.

Cathedral worship and congregational life

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

The table on the following page gives the pattern of regular Services held in the Cathedral together with their average attendances. These attendance levels have remained largely unchanged when compared to 2014.

Sunday Services		Average attendance
8.45am	Morning Prayer	3
9.00am	Eucharist	40
11.00am	Choral Eucharist	410
3.00pm	Choral Evensong	130
6.00pm	'6.00 at Southwark' *	45
Weekday Services		
8.00am	Morning Prayer	11
8.15am	Eucharist	9
12.30pm	Midday Prayer	5
12.45pm	Eucharist	15
5.30pm	Choral Evensong (<i>or Evening Prayer when the choir is on holiday</i>)	55
Saturday Services		
9.00am	Morning Prayer	4
9.15am	Eucharist	8
4.00pm	Choral Evensong (<i>sung by a Visiting Choir</i>) or Evening Prayer	100

* The Sunday evening service takes a different format on each Sunday of a month. The service on the first Sunday is a Traditional Rite Choral Eucharist; on the second, a Service of Light; on the third, a Service of Wholeness and Healing; and on the fourth, Compline and Eucharistic Devotions. When there is a fifth Sunday in a month, there is a service of Compline. These "6.00 at Southwark" services continue to attract four distinct and stable congregations.

Music

Both the Boys' and Girls' Choirs continue to flourish, each with approximately 20 full choristers and 4 probationers under the direction of Peter Wright, Organist and Director of Music, and Stephen Disley, Assistant Organist and Director of the Girls' Choir. They are ably assisted by the twelve lay-clerks and choral scholars.

The fundamental *raison d'être* of any Cathedral Choir is of course to sing at the statutory services. Choral Evensong is sung regularly by one or other choir on Mondays, Tuesdays, Thursdays, Fridays and Sundays in term time, as is the main morning Eucharist on Sundays. Major festivals also enjoy fully choral services. In addition to this the boys and men gave a concert including Part One of Handel's *Messiah* in December and the girls and men Fauré's *Requiem* on Good Friday. On 22 September a group of boy and girl choristers sang at the Mansion House dinner.

In May 2015 the boys and men toured Iceland singing in venues such as the Hallgrímskirkja in Reykjavik and Skalholt Cathedral and also spent a memorable day's tour around the Golden Circle.

The Merbecke Choir (for young singers, including former choristers) under their Director, Huw Morgan, continues to flourish, regularly singing concerts and Compline in the Cathedral. Copies of their fine recording, made in 2013, are still available and can be found at www.merbecke.org.uk/cd.html

Our very talented Organ Scholar, Alexander Binns is remaining for a second academic year. He completed his postgraduate studies at the Royal Academy of Music in July and is now combining his role here with freelance work.

During the year we said farewell to four gentlemen of the Choir: Nick Ashby, Chris Murphy, Thomas Spencer and David Yardley. Jonny Brookes, Jacob Honig-Rozario, Joe McWatters, Jack Schwab and Ally Trowell left the Boys' Choir and Grayce Richards, Phoebe Weir, Flavia Matos, Jane Jones and Eleanor Mannoukas the Girls'. All were admitted as members of the Old Choristers' Association.

The cost of the music in 2015 was £199,316, higher than in 2014 (£180,337) but this was due to the lay clerks singing at an additional weekly Choral Evensong with the Girls' Choir to enable them to broaden their repertoire and increase their opportunities to sing at services and also the introduction of the London Living Wage rate to pay the organ scholar. Additional funding for this came from the income from the Choirs Endowment Fund which generated an income of £29,824 (£23,294 in 2014) which was applied to the cost of the music. We also received a number of grants including £10,700 from the St Olave's and St Saviour's Grammar School Foundation.

Volunteers

The overall state of volunteering at the Cathedral remains healthy with the majority of volunteer teams well staffed with appropriately skilled volunteers.

Some 484 volunteers, some of whom volunteer in more than one role, give generously of their time and skills (see table below) to enrich and extend the work of the Cathedral and its service to the local community. The Cathedral could not operate as its current level of excellence without them and is profoundly grateful for their service. They bring huge experience and energy.

Voluntary involvement in Cathedral life

Organisation	Number of volunteers
Bell ringers	56
Broderers	10
Committee members	51
Day chaplains	30
Education Centre volunteers	23
Electoral Roll Officer	2
Eucharistic ministers	24
Flower arrangers	31
Guides	24
Honorary Minor Canons	24
Honorary vergers	9
Intercessors and readers	54
Office volunteers	18
Servers	40
Shop volunteers	8
Stewards	48
Recorder	1
ROBES project volunteers	37
Sunday coffee	21
Sunday School	17
Volunteer co-ordinator	1
Cathedral Wardens	2
Welcomers	41
Wholeness and Healing	7

The volunteer team leaders meet twice yearly to share examples of good practice and to raise any concerns they might have and the Volunteer Monitoring Group chaired by the Dean regularly reviews the entire volunteer programme. In September the Dean presented training material prepared by the Volunteer Co-ordinator, Sarah Mann, to the volunteer team leaders. It set out information needed by all Cathedral volunteers including their safety and the protection of children and vulnerable adults.

On a lighter note September also saw another successful party for all the volunteers to celebrate their work and to thank them.

Notable volunteering achievements included the completion of the set of Jubilee Copes by the Broderers, working in collaboration with the Royal School of Needlework. These copes were blessed by the Bishop at a service of Choral Evensong on 1 May. The year also saw the creation of new Mothers' Union branches for the Cathedral and the parish of St Hugh's. The Cathedral continues to supply a team of volunteers to work with the ROBES project each year and volunteers have also been promoting the London Mutual Credit Union through information dissemination and awareness

raising with a view to encouraging people in financial need to access it and to encourage others to invest in it.

In April 2015, Iain Judge was appointed as the new Visitors Officer and his responsibilities include managing the Welcomers and Cathedral Guides teams. The experiment with different entrances, a welcome desk and access to the churchyard through the Cathedral, involved new methods of working for the volunteer staff who are an important presence on the Cathedral floor and a key part of our welcome to our many thousands of visitors each week.

Congregation

During the year, the size of the Cathedral's regular congregation has remained steady. As a Parish Church Cathedral, Southwark Cathedral has an Electoral Roll which is compiled in accordance with the Church Representation Rules. At the Annual Parochial Church Meeting in April 2015, the electoral roll stood at 555. Between then and the end of the year a further 20 names had been added to the roll bringing the total to 575 in December 2015.

Parish and community

The Cathedral serves as a parish church for the rapidly changing neighbourhoods along Bankside from the edge of Tate Modern to the west as far as Hay's Galleria to the east. The parish reaches south from the Thames to Union Street (with a small deviation to include the Cathedral School and the All Hallows site). The parish also includes Borough Market, Guy's Hospital, Shakespeare's Globe, London Bridge Station and The Shard. The population of the parish continues to grow and change rapidly, bringing with it many challenges and opportunities.

People living in the parish are welcomed into the Cathedral as their parish church for baptisms, weddings and funerals. The Cathedral actively seeks to help our local community to respond to and benefit from its changing environment. The Cathedral participates in discussions with Southwark Council for local improvement initiatives. The Cathedral is represented on the Bankside Residents' Forum and is a partner in the Better Bankside Business Improvement District. The Cathedral continues to foster links with local businesses, including Borough Market. It was good to host their 1000th Anniversary service in the Cathedral, together with the annual Apple Day and Christingle services.

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey. St Hugh's comes under the pastoral care of the Sub Dean, assisted by the Revd Linda Scott-Garnett, and two Readers. The Revd Jessie Daniels White has been on an extended placement from the middle of the summer and her ministry has been greatly appreciated. Becky Hardie continues in her role as part-time Youth Minister for St Hugh's and the Cathedral. She has been encouraging a group of young teenagers and there are plans for a parent and toddler group to start in 2016. The congregation is working on its Mission Action Plan and continues to flourish and develop.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) with the Sub Dean and several members of the congregation serving as Governors. In June, Marion Marples celebrated 10 years as a Southwark Pastoral Auxiliary (SPA), and she continues to foster links between organizations for the benefit of local people. In the summer we welcomed Heather Smith as a Cathedral SPA and she continues her ministry as a Prison Chaplain, Street Pastor and Day Chaplain. The Cathedral congregation again provided a large team of volunteers through the winter for the ROBES ecumenical project which provides shelter for homeless people. The sleep-out fundraising event at the Cathedral raised over £100,000 with 150 people taking part.

The Cathedral Education Centre welcomed more than 9,500 children during the year, mainly from schools in inner London. We said farewell to Alex Carton, our Education Officer who left us at the end of December after seven years developing our work with young people. We wish Alex all the best in her new role at Peterborough Cathedral. The work of the Centre continues to flourish with Cath Mitchenall (our interim Education Officer) and Karen Greaves and the large team of trained volunteers who lead workshops.

Parents and toddlers enjoy using the crèche facilities and the number of children attending Junior Xpress 1 and 2 (our Sunday School for 4-11s) continues to increase. Weekly sessions are led by an enthusiastic group of leaders and helpers. Every fortnight Youth Xpress for 11-18s meets in the John Trevor Williams Room for breakfast and a discussion. New members are always very welcome.

During the year a new pattern for Lent and Advent Groups was inaugurated, with groups meeting on Sundays after the 9am and 11am Eucharist. These have been well attended. Other opportunities for learning include the new Church of England Pilgrim course material in preparation for confirmation, workshops for Admission to Holy Communion and the

Interest & Action Groups which offer opportunities for involvement in a wide range of activities. We were delighted that the Cathedral and St Hugh's branch of the Mothers' Union was inaugurated during the year and is attracting new members. We hosted a Recovery Friendly Church course in the autumn which was well attended from across the diocese.

The Cathedral continues to offer volunteering and training opportunities to local people who may not be part of the congregation.

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

The Cathedral's link with the Diocese of Masvingo in Zimbabwe, (as part of the Diocese of Southwark's partnership links with four Zimbabwean dioceses) has continued to strengthen through the exchange of prayer and information and the provision of financial help. We were delighted to welcome Bishop Godfrey and his wife Albertina to the Cathedral in November.

The Cathedral contributes financially to the local, national and international community by giving 10% of the money raised through the planned giving scheme each year to a variety of charities. In 2015 the sum donated was £24,004 (£25,525 in 2014). The task of determining a list of recommendations is entrusted to the Mission Allocations Group, who present their proposals to the Chapter for endorsement. The Group puts a notice into the weekly notice sheet each year inviting written expressions of interest from the congregation in charities that the Cathedral should support. The group work within the following framework:

- Not to disburse the limited funds available too widely, but to make fewer awards that will make a real difference to the recipients.
- There should be a roughly equal balance between:
 - projects with a clearly Christian 'mission' profile (education, training, evangelism, mission partner agencies) and
 - projects with a more general Development profile (not necessarily bearing a Christian label) working to what we recognise as one of the five marks of Anglican Mission:
 - To proclaim the Good News of the Kingdom
 - To teach, baptise and nurture new believers
 - To respond to human need by loving service
 - To seek to transform unjust structures of society, to challenge violence of every kind and to pursue peace and reconciliation
 - To strive to safeguard the integrity of creation and sustain and renew the life of the earth
- There should also be a roughly equal balance between agencies with a large national or international footprint, and those who are local.

Allocations are made only to charities with a UK Registered Charity Number and because of the difficulty of getting money safely overseas, we generally work through UK based charities with reliable delivery mechanisms overseas rather than sending money directly to specific projects.

A proportion (10%) is always left in the 'pot' in case of a shortfall in the raising that year of £10,000 to support the Diocese of Masvingo, which is an ongoing commitment and to enable a quick response to emergency appeals. An alternative recipient is nominated at the meeting, should this proportion not be needed for this purpose.

The charities that received funds in 2015 were as follows:

Us (formerly USPG), Student Christian Movement, ABCD, CCHF All About Kids, PACT and Prisons' Week Charity each received £1,333.50. Manna Centre, Nepal Leprosy Trust, Dragon Café, Just Earth and Crest (Thinkarts) each received £2,667.00. Children's Relief Bethlehem, Whitechapel, SDAS and Send A Cow each received £667.34.

Southwark Council

Good relations are maintained between the Chapter and Southwark Council's councillors and officers, and the Dean has made it a priority to engage positively with the Council at all levels.

Hospitals and universities

Links with hospitals and universities continue to be an important part of the Cathedral's mission. The Succentor, The Revd

Stephen Stavrou, is Chaplain to the Guy's Campus of King's College, London and strong links have been built up between the Cathedral and medical, biomedical and dental medical schools. The annual GKT Music Society December concert is a regular feature of the Christmas calendar.

Southwark Cathedral continues to enjoy partnerships with a number of universities and colleges. Our links with King's College remain strong and they continue to hold their annual graduation ceremonies at the Cathedral in July each year.

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

Other events in the Cathedral

The principal role of the Cathedral Church is to be a place of Christian worship. However, the Church is a suitable space for the performing arts and has a Premises Licence, and a number of concerts and events are held each year. These are generally organised by outside bodies and range from performances by amateur music groups and informal recitals by visiting choirs to productions involving nationally renowned choirs, orchestras and theatre companies.

A number of Diocesan services are held including the Southwark Diocesan Board of Education School Leavers Services, Bishop's Lent Call Service, the SPA Commissioning Service, Readers Admission Services, and Archdeaconry Visitations for Southwark and Lewisham & Greenwich.

We continue to welcome many to the Cathedral through memorial and thanksgiving services. In 2015, these included a memorial service for John Trevor Williams who, for more than twenty years, was the volunteer Comptroller of the Cathedral until his retirement in 2007, and the funeral of Wynne Simpson who, for many years, was the Head of the Cathedral's Flower Guild. We also hosted memorial services for, among others, Murray Simpson, Launderer (Past Master, 2009-2010) and Sir John Buchanan, industrial chemist who was BP's Chief Financial Officer and played a role on numerous FTSE-100 company boards.

Special services which took place included a service to mark the retirement of Simon Parton, Diocesan Secretary, in January, Wilson's School's 400th anniversary service and the centenary service for the London Nautical School. St Cecilia's School Wandsworth, Trinity School Lewisham, ARK All Saints Academy Camberwell and Bacon's College all held special services at the Cathedral during the year and the annual services for the London School of Anatomy, The Palliative Care Service for Guy's and the London Bridge Hospital all took place here once again.

We saw an increase in filming in the Cathedral precincts in 2015. We featured in BBC dramas *The Night Manager* and *London Spy* and *My Best Friend's Wedding* (a remake for the Chinese market) as well as *The Royals*, an HBO production featuring Liz Hurley as Her Majesty The Queen, though Ms Hurley was not present at the Cathedral for filming, and *London Bridge*, the working title for the latest Bridget Jones film. *The Crown* for Netflix, an adaptation of the Peter Morgan play *The Audience*, featured Matt Smith as HRH The Duke of Edinburgh. Matt Smith told the Dean that he was last in the Cathedral in 2003 for a production of *Murder in the Cathedral* by T S Eliot as a member of the National Youth Theatre.

We are building a reputation as an important venue for a wide range of other events that enrich the Cathedral's calendar. We welcomed a Sonneteer from Shakespeare's Globe in the Churchyard in April, the Carers' Thames Walk in May, and the Spanish Theatre Company's bi-lingual recital of sonnets and monologues by Shakespeare and Lope de Vega. Canon Andrew White, President of the Foundation for Relief and Reconciliation in the Middle East and formerly Vicar of St George's Church, Baghdad, visited the Cathedral to launch his latest book *My Journey So Far. Poet in the City* returned to us with an evening dedicated to the works of T S Eliot and Lancelot Andrewes. The South Thames Foundation Schools held their stall holders' day with us again and there was a party in the nave to mark a member of the congregation taking silk and becoming a Queen's Counsel.

The Totally Thames Festival in September brought a number of events to us including Soul Sanctuary Gospel Choir and a special organ recital by our organ scholar, Alexander Binns. *Shvidkatsa* a Georgian Polyphonic Choir sang traditional Georgian songs in Cathedral Square and attracted large audiences.

The Cathedral is now a very popular venue for concerts and events despite this being a very competitive market in London. This is as a direct result of our ideal location with extensive travel links to all parts of London, the Home Counties and beyond. We offer an opportunity for international choirs, mainly comprising young adults, to sing in the Cathedral during the day-time at a fraction of the cost of a more formal evening concert. This is appealing to both the tour operators

putting together busy itineraries for choirs on tour and also the performers who value the chance to sing in the Cathedral with all the historic links to the area and the outstanding acoustics. Choirs from many countries visited us in 2015 including eleven choirs from the United States, two from Norway, and others from Macau, Ireland, Madrid and Australia as well as some from closer to home.

We are fortunate to continue to attract concert organisers and promoters for evening events as well. Legal Harmony were here on three occasions in 2015 and their sister organisation, Fiscal Harmony, were here for a summer concert. The London Concertante, a string ensemble with a popular repertoire set to attract London tourists, booked on three occasions while the group *Lawyers' Music* came to us in the summer to sing Verdi's *Requiem*.

The City of London Sinfonia brought a concert entitled *An Atmospheric Concert of the Sounds of Venice: Pergolesi, Stravinsky & Liszt*. The Malcolm Sargent Charity concert in November dovetailed with our own activities to commemorate the First World War, including the piano recital by Alexandra Wilson, a young musician who lives in the Diocese, in a recital to mark ANZAC Day entitled *On The Shores of Gallipoli*. The Royal Choral Society returned to us in November after an absence of a few years to sing Monteverdi's *Vespers of 1610* while the Crouch End Festival Chorus performed Rachmaninov's *Vespers* and Wimbledon Choral Society performed J. S. Bach's *Christmas Oratorio*. The City of London Festival's concert with the National Youth Orchestra and the National Youth Jazz Orchestra was held in the Cathedral in July and we also hosted the International Children's Choir Festival, an annual commitment by the organisers at Euro Arts Tours based in Florida with an organising partner link with Winchester Cathedral.

The Cathedral diary during December was, if anything, busier than last year's record-breaking run of carol services and concerts. We had 46 events and special services in the diary between Advent Sunday and Christmas Day and this included the Dean in the demonstration kitchen in Borough Market cooking Christmas Pudding and the new format for The Friends Christmas Fair that took place across three days. Southwark Cathedral Enterprises invested in enhanced Christmas decorations along Lancelot's Link, the entrance at the west end of the Link and in the marquee. We welcomed back Guys' and St Thomas's Community Carols after a number of years as well as the Mothers' Union Advent service and Wragge Lawrence Graham Carol service in addition to many of our regular bookings including Marie Curie, Crisis, Mercy Ships and a large number of school carol services. In total, more than 23,000 people attended services in the Cathedral from Advent Sunday to Christmas Day.

Major works to the fabric

The total value of major works to the Cathedral in 2015 amounted to £245,987 (£404,305 in 2014). The major items of work consisted of the completion of the re-roofing of the south slope of the nave roof and repairing the gutters at all levels on the nave and replacing damaged asphalt with new lead coverings, and installation of new rainwater goods over the Harvard Chapel to help manage the flow of water from the building. Grants from Southwark Cathedral Development Trust covered the costs of these works following two generous grants from the government's First World War Centenary Cathedral Grants Scheme totalling £337,765.

A significant element of the Chapter's expenditure in 2015 was the maintenance of the Cathedral Church and its precincts. The staff of four vergers, Works Manager, Maintenance Assistant and three cleaners/conference room attendants care for the buildings and grounds day-to-day and supervise maintenance and repair work. The cost of this area of the Cathedral's activity was £559,704 plus £245,987 expenditure on major works (total of £805,691), lower than the cost in 2014 of £454,433 plus £404,305 expenditure on major works (total of £858,738). The increase in the cost of maintenance was partly due to the refurbishment of the toilets in the Link and additional expenditure to secure the roof of All Hallows Hall.

The Friends of Southwark Cathedral

From a wider perspective The Friends of Southwark Cathedral played a role in bringing together the Friends of Cathedrals and Greater Churches from around the country. In October 2015 the Bi-Annual Conference for the Associations of Friends' of Cathedrals and Greater Churches was held at Southwark. It was a positive weekend for all involved and representatives from the other Cathedrals were effusive in their enthusiasm for the welcome given by the whole Southwark team. The conference dinner, part sponsored by EIG and CCLA, was held in the Retrochoir and provided a fitting end to the occasion.

The Friends continued to enjoy a varied and active programme and during the year we enhanced our programme once again. Membership continued to remain steady: although we have seen more new members. This has been balanced by an increase in people who wish to divert their reduced income to their own parishes. However, we continue to keep a loyal following which is increasingly unusual in Friends groups both in Cathedrals and other organisations.

We enjoyed a range of regular events: the Annual General Meeting, a visit to the Globe, the Quiz Night, the Advent Tea and Carol Service and the Christmas Market. The Christmas Soiree at the Deanery has become a firm favourite and we are grateful to the Dean for his enthusiastic support of The Friends which makes such a difference to the success and popularity of The Friends. The Book Sale was once again held outside the Deanery and this year was our most successful event by far in financial terms. It also presents an opportunity to talk to people about the Cathedral and encourage them to visit as they continue along the South Bank. A busy year concluded with the very successful Christmas Market, this year extended to three days.

All these events enable us to raise valuable funds for the Cathedral but as important is the opportunity they provide for us to spend time together as Friends celebrating all that is good about our wonderful Cathedral. We advertise our events widely to ensure they are provided for the public benefit and we welcome anyone who wishes to join the Friends. In 2016 we will be concentrating our efforts on recruiting members and new Trustees.

The Trustees continue to meet four times each year to discuss the financial management and overall direction of the Friends. As a regular annual commitment monies were given for: flowers in the Cathedral for Easter Day and Christmas; the end-of-year Choir tea and telephone support for the stewardship database. This year the Trustees also agreed to support the design aspect of the Floodlighting project. Suggestions for other projects for the Friends to support are welcomed. Our newsletter includes a regular article from the Development Officer, Alice Willington, about projects at the Cathedral and members of The Friends have been extremely generous in donating to the Development Office. During 2015, The Friends also received a number of generous legacies.

From 1 January 2015 The Friends became a Charitable Incorporated Organisation. This has been a remarkably smooth transition and we have just completed our first year as the new entity.

Diocesan and extra-Cathedral activities of the Dean and Canons

The Very Revd Andrew Nunn (Dean)

The Dean is a member and one of the panel of Chairs of the General Synod and a member of the Diocesan Synod. He is a member of the Crown Nominations Commission. He is a trustee of the St Olave's and St Saviour's Grammar School Foundation and the Chairman of its Foundation Fund Committee. He is a member of the governing body of St Saviour's and St Olave's School for Girls in Southwark. He is also Chaplain to the Worshipful Company of Launderers, the Worshipful Company of Innholders and the Whitsters Club and an Honorary Liveryman of the Worshipful Company of Glaziers and Painters of Glass. The Dean contributes to the local church by teaching and speaking at a number of courses and events. He is Rector-General of the Society of Catholic Priests.

Canon Michael Rawson (Sub Dean and Canon Pastor)

As Canon Pastor, Canon Rawson acts as the parish priest for the Cathedral parish and congregation and is minister-in-charge of St Hugh's, Bermondsey, a Conventional District within the Cathedral parish. Canon Rawson is a governor of the Cathedral Primary School. He took up his role as Sub Dean in December 2014.

Canon Dr Mandy Ford (Canon Chancellor)

Canon Ford is The Director of Discipleship and Ministry in the Diocese of Southwark. In this role she has responsibility for the education and training of lay people and ordained clergy in the Diocese. She has oversight of the training of SPAs, Readers and Curates, and of the continuing development of the clergy through Ministerial Review and the provision of training in leadership, and all aspects of ministry. She is a member the Bishop's Staff and the Diocesan Senior Management Team. In the life of the cathedral, she has particular responsibility for the development of the cathedral as a learning community and for the Education Centre. In the wider church Canon Ford is a member of the team of facilitators who work with the Archbishop's Advisor for Reconciliation.

Canon Dr Stephen Hance (Canon Missioner)

As Canon Missioner, Canon Hance serves as a member of the Bishop's Staff Meeting, with responsibility as Director of Mission and Evangelism in the Diocese. He contributes to diocesan strategy relating to all aspects of mission, including Fresh Expressions of Church and church planting and grafting, and the implementation of Mission Action Planning across the Diocese. He is also responsible for the oversight of ministry with children and young people. As part of his role he preaches and consults with parishes and deaneries widely across the Diocese. He chairs the Zimbabwe links group. He is a member of the General Synod, and a trustee of Just Earth, a small charity working in Kenya and Haiti to support prosperity in the farming community there. He is the founder and convener of the Cathedrals and Growth Network. He is presently editing a book on forgiveness for Jessica Kingsley Publishers and contributing chapters to books on Mission Action Planning and Fresh Expressions of Church.

Canon Gilly Myers (Canon Precentor)

Canon Myers is Chair of the Diocesan Guild of Servers and Chair of the Diocesan Liturgical Committee. In the wider church, she is Chair of Praxis South and Secretary of the Precentors' Conference. She makes occasional contributions to the local and wider church through teaching and training engagements.

Canon Leanne Roberts (Canon Treasurer)

Canon Roberts is the Director of the Vocations Department, and the Diocesan Director of Ordinands. In this role she works within the diocese to implement the Bishop's strategy for vocations, helping foster vocations to lay and ordained ministry. She oversees a large Vocations Team of Vocations Advisers, Area Directors of Ordinands, and Examining Chaplains, and also works with candidates for ordained ministry both pre-and post-selection, and assists in placing ordinands in their title posts. She serves on various committees, including as a trustee of SEITE (South East Institute of Theological Education) and the Southwark Diocesan Board of Education Further Education and Higher Education Committee. She frequently preaches across a wide variety of churches, both within the Diocese and more widely. Outside her Diocesan responsibilities, Canon Roberts is also a national selector for those offering themselves for ordained ministry, and is a council member of Anglican Catholic Future, a national organization for the promotion of catholic spirituality within the Anglican tradition.

Financial Review

The financial situation

The financial position of the Cathedral is the subject of continuing discussion and review by the Chapter, Finance Committee and Board of Southwark Cathedral Enterprises Limited. The day-to-day operations of the Cathedral generate a surplus of income over expenditure which is encouraging and enabled the Chapter to repay the final outstanding loan to the Diocesan Board of Finance arising out of previous property projects at the end of December 2015. This leaves the Chapter debt-free for the first time in nearly 20 years. This means that more resources are now available to enable the Chapter to undertake new areas of work and ministry.

In 2015, there was a net increase in unrestricted funds of £72,174 compared with an increase of £337,621 in 2014 (see the Consolidated Statement of Financial Activities on page 27). In 2014, the Chapter was the beneficiary of some large legacies and a re-valuation of All Hallows Hall contributed a further £150,000 towards the considerable increase in the value of unrestricted funds. In 2015, although legacies were received, and there were some very good results from Southwark Cathedral Enterprises resulting in gift-aided profits of more than £130,000 above expectations, there were some significant new costs during the year including paying all staff at the London Living Wage or above, and refurbishment of the gentlemen's and ladies' lavatories in the Link.

The surplus on unrestricted funds of £72,174 was higher than expected and has allowed us to continue to build up a very necessary cash reserve which has been lacking in recent years and, occasionally, necessitated borrowing from the Diocese of Southwark to meet our everyday expenditure. However, the Chapter's aim is to build up a reserve equal to six months' expenditure which will shield us from unexpected calls on our finances in future. The improving economic climate has also translated into improved trading income but not, in the last two years, any increase in stewardship giving from the congregation. The Chapter is enormously grateful for the financial commitment made by the congregation during the past year but it was decided to launch a stewardship campaign during the Epiphany season in January 2016 to encourage the congregation to review their levels of giving in the light of a recent decline in income from this very important source. Early indications are that the response has been very positive with a significant increase in pledges.

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £236,133 in 2015 compared with £236,762 in 2014. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £64,078 across all forms of giving in 2015 (£60,848 in 2014). A grant of £64,146 was received from the Church Commissioners in 2015 (£81,332 in 2014) as a contribution to the costs of funding the salaries of Cathedral staff (vergers, organists and office staff) who assist in the provision of the Cathedral's worship. The Church Commissioners also fully pay the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Pastor, contributing £124,658 (£104,624 in 2014).

Income from charges and fees decreased slightly in 2015 to £208,503 compared to £227,340 in 2014. This income is derived from fees for special services, weddings and funerals and from charges recoverable from organisers of services and events for musicians and administration.

Reserves policy

The Chapter has a policy of building up general fund reserves equal to six months' operational expenses. Based on 2015 figures, this would need to be almost £750,000. However, during 2015, further good progress was made towards this goal and the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this.

It is proposed each year that a part of the reserves will be set aside as a designated Property Fund to enable adequate investment in our property portfolio that provides both housing for staff and a valuable investment income. Recent underinvestment in the portfolio has led to a backlog of repairs which is proving to be a drain on our resources. Setting aside funds for a rolling maintenance programme for our estate will save money in the long-term and increase the value of our property assets. It was decided to transfer £75,000 to the designated Property Fund at the end of 2015.

A general, unrestricted, reserve will also be maintained as a cushion against unexpected events and allow for better long-term financial planning and budgeting.

Investment performance

In 2015, it was decided to move the investments forming the Choirs Endowment Fund and Property Endowment Fund from Hargreaves Lansdown to Investec Wealth & Investment where they would be actively managed to provide a balance of capital growth and income generation.

The performance of the Choirs Endowment Fund mirrored that of markets generally in that there was a small increase in value during the year from £575,968 at 31 December 2014 to £582,168 at 31 December 2015. In addition, £29,824 of income was generated from the fund and applied to the cost of the music (£23,294 in 2014).

The Property Endowment Fund, formed in 2014 when three small property funds that had been managed on our behalf by the Southwark Diocesan Board of Finance were transferred to the Chapter, was also invested with Investec in 2015. At 31 December 2015, the value of this small fund was £9,407 (£9,470 at 31 December 2014).

All of our investments are invested in accordance with the Trustees Act 2000. The Cathedral's investment policy is to maximise the return (taking capital and income together) while investing within the ethical guidelines adopted by the Church Commissioners.

Maintenance costs

The following forecast of maintenance costs is based on the Works Department's rolling programme of works, developed in conjunction with the Cathedral Architect and based on the Report of the Quinquennial Survey undertaken in 2015. Routine maintenance is deemed to be the responsibility of the Works Department and is included in their annual budget (part of General Account expenditure). As the Cathedral has no in-house source of income for major repair work, it is the Chapter's policy to undertake major works only when grant-funding and donations have been received or committed. The funding for the majority of works listed below is expected to be raised by the ongoing fundraising campaign.

	2016	2017	2018	2019	2020
	£'000	£'000	£'000	£'000	£'000
Routine maintenance	70	71	72	74	75
Crossing platform	0	0	103	0	0
Organ console repairs	70	0	0	0	0
Bells rehangng and ringing chamber	200	0	0	0	0
Nave floor and DDA improvement	35	0	400	0	0
Conservation of monuments	10	20	10	20	15
Interior lighting. Electrical & sound	20	20	20	620	40
External lighting	0	600	0	0	0
Choir roof and east end masonry repairs	0	0	30	868	0
Nave roof (north slope)	0	0	0	0	360
South wall masonry repairs and south porch	33	0	0	68	0
South churchyard gates and railings	0	0	75	0	0
Signage and wayfinding	0	0	350	0	0
Conservation housekeeping and salvage strategy	12	7	5	5	5
Health & Safety	30	26	26	30	30
Total	480	744	1,091	1,685	525

Southwark Cathedral Enterprises Limited

The company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking in Montague Close, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 27 and detailed in note 5 to the accounts on page 38.

2015 continued the upward trend in company profits which began in 2013 with another substantial increase in turnover from our conference and events business reflecting the wider improvement in the UK economy.

Turnover for 2015 was £709,027 which is 10% up on 2014 (£644,167) which in turn was 17% up on 2013. This enabled the company to make a gift aided donation of their profits of £321,575 (up 26% from £255,767 in 2014) which was the best result since 2008 and of considerable help to the Cathedral Chapter in contributing to Cathedral running costs.

Conferences and Special Events

Conference and event business continued to do extremely well in 2015 and turnover was up by 32% compared with 2014. The effect of having an additional salesperson in the team made a huge difference to our ability to capture sales enquiries and convert them into sales. Although Chris Crentsil left the sales team in August 2015 we were pleased to have Francesco Pecorari join us later in the year to continue the good work done by Chris. The range and number of conference bookers continues to increase which is encouraging and makes us far less dependent on the not-for-profit and local government clients than was previously the case. Rose Harding, Development Director has led the team very successfully to achieve these results, ably assisted by Helen Caruth who has continued in her role as Conference Co-ordinator offering excellent customer experience for conference delegates on site.

Special events business also had a very successful year with some major filming work taking place in the Cathedral in July and August and a number of high profile events across the year bringing in nearly £110,000 in income. Overall, conferences and events delivered £209,176 in profit compared to a budget of £94,058. Turnover increased by 21% and profit by 40% on the figures achieved in 2014.

Shop

The shop delivered a small profit in 2015 after a rather difficult trading year. Visitor numbers were lower, especially in the first quarter. This situation mirrored that of other visitor attractions across London. Income picked up in the second half of the year, helped somewhat by the new entrance arrangements whereby most visitors entered the west end of Lancelot's Link adjacent to the Shop. The Shop made a profit of £5,063 compared to £11,382 in 2014. Jon Dollin, Shop Manager, and his team of paid and voluntary staff have worked extremely hard to develop a popular range of goods that sell well with visitors and congregation members alike. The Doorkins Cat range continues to be phenomenally successful. Turnover in 2015 was £162,918, down 9% on 2014 (£178,997).

Refectory

Catering in the Refectory is provided by Elixir UK under a contract that runs until 2019. The team, led at first by Edson de Oliveira, and, from the summer by Nadine Biayi, have delivered consistently high quality food and service during the year, notably for our special events. The kiosk in the churchyard was open for a time earlier in the year but it proved uneconomic to open it on a regular basis with the change to entrance arrangements to the churchyard. It will be used to cater for special events taking place in the churchyard, however. The results for the branch as a whole were the best yet and delivered 43% more in rental than the minimum guaranteed in our contract with them – rent is calculated as a percentage of refectory sales. Behind the headline figure of £106,919 which Elixir UK delivered to the company in the form of concession rent, it should be borne in mind that the Refectory is a business with a turnover of nearly £700,000 in 2015 providing employment for eight full-time and three part-time staff plus many additional casual staff brought in for special events.

Tourism

The number of tourists and the amount of income generated by tours was lower in 2015 than the previous year. This was in part due to the shift in emphasis in our marketing from pre-booked tours to the new visitor welcome arrangements that began in July. However, there are ambitious plans to market tours in 2016 particularly in connection with the 400th anniversary of Shakespeare's death. The new Visitors Officer, Iain Judge, started in April 2015 and his brief was to develop new tour packages as well as oversee the welcome desk staff greeting visitors in Lancelot's Link.

Car Parking

Most of the limited car parking available in Montague Close is let on contract to neighbouring businesses plus occasional fees for access to the roadway for work on adjacent buildings.

The contribution made by Enterprises to the Cathedral is not just financial; there is a very important unseen contribution in the welcome offered, the information provided and the friendliness and helpfulness of Enterprises staff and volunteers to visitors. There are also many more less-visible benefits to the Cathedral arising out of SCE activities. The conference

rooms are redecorated every year at the company's expense and the equipment available for use for Cathedral and Diocesan events is purchased and maintained; the salaries of nine cathedral staff are partly or wholly paid for; and the infrastructure to cope with major services and events, in terms of staff resources and equipment, are largely provided by the company.

While there is much to celebrate in the results achieved in 2015, the directors would like to point out that the use to which the Cathedral site can be put for special events is beginning to reach saturation point and that future turnover will probably increase more slowly in subsequent years than has been the case recently as there is only so much space in the Cathedral diary that can be used.

Finally, the Board also wish to express their thanks to all the staff and volunteers who have contributed to a really successful year for the company,

Deficit funds

The following account was in deficit at 31st December 2015 which appears in Note 17 'Restricted Funds' on page 46:

The Millennium Project Account

At 31st December 2014 there was a deficit on the Millennium Project Account of £701,915. Work on the Millennium Project at a total cost of approximately £10.8 million was completed in May 2001, but fund-raising did not match the final invoiced total resulting in a deficit on the Millennium Project Account. Although all outstanding loans on the project have now been cleared, the Millennium buildings have not been capitalised in the accounts as they are deemed to be part of the Cathedral building (as agreed by the Cathedrals Fabric Commission for England under section 13(4) of the Care of the Cathedrals Measure 1990) to which no value is attributed in accordance with the provisions of the Guidelines on English Anglican Cathedral Accounts prescribed by the Church Commissioners. During 2015, it was decided to transfer the entire balance of £481,785 in the Endowment Capital Account (which appears in Note 18 'Endowment Funds' on page 48) to the Millennium Project Account to reduce the deficit to £220,130. This decision was made in the interests of improving the transparency and clarity of the accounts. The Endowment Capital Account is not backed up by any assets as they were spent on the construction of the Millennium buildings. The account balance has therefore been applied to the costs of those buildings through the Millennium Project Account as explained in note 18 on page 48.

Risk Management

The Chapter has undertaken a review of risks and recorded the results in a Risk Register. The review included the identifying of strategies to mitigate the risks, and allocated responsibility to various committees and people for ensuring that mitigation strategies continue to be implemented. Where further actions to mitigate risks are required, these are being addressed by the staff of the Cathedral. The Chapter and the Board of Southwark Cathedral Enterprises Ltd undertook a major review of their respective risk registers during 2015.

The Chapter considers the major risks affecting the future of the Cathedral to be funding and reliance on key members of staff. The Cathedral is dependent on being able to trade its way through periods of financial difficulty and there are only limited reserves to cushion the Cathedral should any large-scale unexpected expenditure occur. Successful and profitable trading by Southwark Cathedral Enterprises Ltd is essential; the Cathedral is susceptible to any change in circumstances which affects income-earning potential. As a small organisation, where each member of staff has a unique and necessary role, the Cathedral is dependent on staff continuity; the sudden loss of a senior member of the clergy or lay staff could be difficult to manage and might require buying in expensive skills to cover a shortage.

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



Andrew Nunn
Dean

16 March 2016

Report from the Fabric Advisory Committee

The FAC only met three times in 2015, the spring meeting being cancelled due to diary problems. There have been no changes in the membership of the Committee during the year but April 2016 marks the beginning of the new Quinquennium which will involve several changes in those appointed by the Cathedral Chapter and the Cathedrals Fabric Commission for England.

Of the formal applications made by Chapter to the FAC, the main one to be approved was the proposal to rehang the Cathedral bells. Others covered the further work on the roofs and the rainwater disposal scheme. The updating of the Bishops', Deans' and Sub Deans' Boards was completed, as was a spelling amendment to one of the War Memorials in the Retrochoir. The FAC has taken a continuing interest in the project to conserve the monuments in the Cathedral and the work done by students of the City & Guilds of London Art School, as well as the study of ancient graffiti. The FAC has noted and supported the work of Chapter in developing an Arts and Commissioning Policy, the absence of which had held up some projects. They also expressed interest in and concern about filming in the Cathedral and were pleased to see a new policy and guidelines produced to help the Cathedral staff manage these requests and safeguard the fabric of the building.

The FAC has taken a particular concerned interest in the protection of the Cathedral churchyard and has been satisfied with the progress made by the experimental revised access arrangements. This is also associated with a new signage scheme, on which the FAC has now been consulted, and is content with the concepts developed so far.

The FAC has maintained a watching brief on local planning applications and schemes that could affect the setting of the Cathedral, in an area and era of rapid developments.

Finally, the committee noted, with congratulations, the comprehensive work undertaken by the Cathedral Architect in producing her Quinquennial Inspection Report on the Cathedral fabric.

Richard Malins

Secretary

Southwark Cathedral

Independent Auditors' Report to the Members of Chapter

We have audited the financial statements of Southwark Cathedral for the year ended 31st December 2015 which comprise the consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Members of the Chapter and Auditors

As explained more fully in the Statement of the Chapter's Responsibilities, the Chapter members are responsible for the preparation of financial statements which give a true and fair view. We have been appointed as auditors under Section 27 of the Cathedrals Measure 1999 and report in accordance with the regulation made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Cathedral's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chapter; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify any material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and Cathedral as at 31st December 2015 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Kingston Smith LLP
Statutory Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

16 March 2016

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31 December 2015

		Unrestricted	Restricted	Endowment	Total Funds	Restated
	Note	Funds	Funds	Funds	2015	Total Funds
		£	£	£	£	2014
						£
INCOME AND ENDOWMENTS FROM:	2					
Donations and Legacies		583,846	333,567	-	917,413	1,108,365
Grants in support of mission		8,500	209,549	-	218,049	229,848
Charges and fees arising in course of mission		237,121	7,829	-	244,950	244,567
Trading and fundraising		709,027	-	-	709,027	644,167
Investments		117,736	30,337	-	148,073	142,091
Other income		228	-	-	228	21,201
Total Income		<u>1,656,458</u>	<u>581,282</u>	<u>-</u>	<u>2,237,740</u>	<u>2,390,239</u>
EXPENDITURE ON:	3,4					
Raising Funds		515,237	46,258	-	561,495	531,057
Ministry		429,631	191,351	-	620,982	559,117
Cathedral and precincts upkeep		523,393	282,299	-	805,692	858,739
Education and outreach		66,693	86,246	-	152,939	141,891
Community, parish and congregation		42,718	1,532	-	44,250	42,197
Other expenditure		6,633	-	-	6,633	43,645
Total Expenditure		<u>1,584,305</u>	<u>607,686</u>	<u>-</u>	<u>2,191,991</u>	<u>2,176,646</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS		72,153	(26,404)	-	45,749	213,593
Net gains on investments	6	-	222	6,273	6,495	11,960
Net income/(expenditure)		72,153	(26,182)	6,273	52,244	225,553
Gross transfers between funds		19	481,766	(481,785)	-	-
Net movements in funds		72,172	455,584	(475,512)	52,244	225,553
Reconciliation of funds:						
Total Funds brought forward (restated)		884,940	(622,458)	16,844,457	17,106,939	16,881,386
Total Funds carried forward		<u>957,112</u>	<u>(166,874)</u>	<u>16,368,945</u>	<u>17,159,183</u>	<u>17,106,939</u>

All operations are continuing.

There are no recognised gains or losses for the year other than those detailed above.

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

Southwark Cathedral

Consolidated Balance Sheet as at 31 December 2015

	Note	Unrestricted	Restricted	Endowment	Total Funds 2015 £	Total Funds 2014 £
Fixed Assets						
Investment assets	6	700,000	16,557	585,787	1,302,344	1,295,849
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	112,593	-	-	112,593	125,180
		<u>812,593</u>	<u>16,557</u>	<u>15,835,787</u>	<u>16,664,937</u>	<u>16,671,029</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		26,592	-	-	26,592	28,657
Deposits and cash		450,343	66,562	-	516,905	528,069
Debtors	9	204,298	5,929	-	210,227	225,271
		<u>681,233</u>	<u>72,491</u>	-	<u>753,724</u>	<u>781,997</u>
Liabilities due within one year						
Creditors	10	<u>(240,271)</u>	<u>(19,207)</u>	-	<u>(259,478)</u>	<u>(266,087)</u>
Net Current Assets		<u>440,962</u>	<u>53,284</u>	-	<u>494,246</u>	<u>515,910</u>
Total Assets less Current Liabilities		1,253,555	69,841	15,835,787	17,159,183	17,186,939
Liabilities due after one year						
Inter-fund loan		<u>(296,443)</u>	<u>(236,715)</u>	533,158	-	-
Loans	11	-	-	-	-	<u>(80,000)</u>
Total net Assets		<u><u>957,112</u></u>	<u><u>(166,874)</u></u>	<u><u>16,368,945</u></u>	<u><u>17,159,183</u></u>	<u><u>17,106,939</u></u>
The funds of the Cathedral: 16-18						
General Fund		322,020	-	-	322,020	307,343
Choir Funds		-	40,906	582,168	623,074	638,752
Pastoral & Parochial Account		-	-	-	-	8,283
Millennium Project		-	<u>(220,130)</u>	-	<u>(220,130)</u>	<u>(701,915)</u>
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Capital Account		-	-	-	-	481,785
Property Fund		626,011	12,350	536,777	1,175,138	1,112,553
Southwark Cathedral Enterprises		9,081	-	-	9,081	10,138
Total Cathedral funds		<u><u>957,112</u></u>	<u><u>(166,874)</u></u>	<u><u>16,368,945</u></u>	<u><u>17,159,183</u></u>	<u><u>17,106,939</u></u>

Southwark Cathedral

Cathedral Balance Sheet as at 31 December 2015

	Note	Unrestricted	Restricted	Endowment	Total Funds 2015 £	Total Funds 2014 £
Fixed Assets						
Investment assets	6	700,000	16,557	585,787	1,302,344	1,295,849
Subsidiary undertaking	5	109,081	-	-	109,081	110,138
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	106,172	-	-	106,172	116,618
		<u>915,253</u>	<u>16,557</u>	<u>15,835,787</u>	<u>16,767,597</u>	<u>16,772,605</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		-	-	-	-	-
Deposits and cash		264,650	66,562	-	331,212	415,323
Debtors	9	221,173	5,929	-	227,102	171,939
		<u>485,823</u>	<u>72,491</u>	<u>-</u>	<u>558,314</u>	<u>587,262</u>
Liabilities due within one year						
Creditors	10	(147,521)	(19,207)	-	(166,728)	(172,928)
Net Current Assets		<u>338,302</u>	<u>53,284</u>	<u>-</u>	<u>391,586</u>	<u>414,334</u>
Total Assets less Current Liabilities		<u>1,253,555</u>	<u>69,841</u>	<u>15,835,787</u>	<u>17,159,183</u>	<u>17,186,939</u>
Liabilities due after one year						
Inter-fund loan		(296,443)	(236,715)	533,158	-	-
Loans	11	-	-	-	-	(80,000)
Total net Assets		<u>957,112</u>	<u>(166,874)</u>	<u>16,368,945</u>	<u>17,159,183</u>	<u>17,106,939</u>
The funds of the Cathedral:						
	16-18					
General Fund		322,020	-	-	322,020	307,343
Choir Funds		-	40,906	582,168	623,074	638,752
Pastoral & Parochial Account		-	-	-	-	8,283
Millennium Project		-	(220,130)	-	(220,130)	(701,915)
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Capital Account		-	-	-	-	481,785
Property Fund		626,011	12,350	536,777	1,175,138	1,112,553
Southwark Cathedral Enterprises		9,081	-	-	9,081	10,138
Total Cathedral funds		<u>957,112</u>	<u>(166,874)</u>	<u>16,368,945</u>	<u>17,159,183</u>	<u>17,106,939</u>

Approved by the Chapter and authorised for issue on 16 March 2016



Andrew Nunn
Dean

Southwark Cathedral

Consolidated Statement of Cash Flows as at 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities:			
Net Cash provided by operating activities	23	1,289	171,870
Cash flows from investing activities:			
Rent received net of costs		117,032	118,123
Investment income received net of costs		31,041	23,968
Purchase of property, plant and equipment		(80,526)	(86,315)
Net Cash provided by investing activities		67,547	55,776
Cash flows from financing activities:			
Repayment of borrowing		(80,000)	(60,000)
Net cash used in financing activities		(80,000)	(60,000)
Change in cash and cash equivalents in the reporting period		(11,164)	167,646
Cash and cash equivalents at the beginning of the reporting period		528,069	360,423
Cash and cash equivalents at the end of the reporting period		516,905	528,069

Southwark Cathedral

Notes to the Consolidated Financial Statements

I Accounting Policies

Basis of preparation of the consolidated financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Cathedral and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Cathedral also prepared its financial statements in accordance with the Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Chapter members have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Cathedral to continue as a going concern. The Chapter members have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Chapter members have considered the Cathedral's forecasts and projections and have taken account of pressures on donation, legacies and trading income. After making enquiries the Chapter members have concluded that there is a reasonable expectation that the Cathedral has adequate resources to continue in operational existence for the foreseeable future. The Cathedral therefore continues to adopt the going concern basis in preparing its financial statements.

FRS 102 has been adopted for the first time when preparing these financial statements. The transition date to FRS 102 was 1 January 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 December 2014. An explanation and reconciliation of how the transition has affected the reported financial position and financial performance is provided in note 22 to the financial statements.

Group financial statements

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

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

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

Legacies and Donations

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy receivable can be measured reliably. Where entitlement to a legacy exists but there is uncertainty as to its receipt or the amount receivable, details are disclosed as a contingent asset until the criteria for income recognition are met.

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

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

Grants Receivable

Grants receivable which are subject to conditions or restrictions are credited to the restricted fund in the

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

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

Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred. Costs of generating funds comprise the costs associated with fundraising and trading. Charitable expenditure comprises those costs incurred by the Cathedral in the delivery of its mission. Direct costs represent all costs which directly relate to a single activity. Support costs are apportioned on an appropriate basis to estimated usage.

Taxation

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

Cathedral and its inventory

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

Depreciation

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

Expenditure on furnishings, equipment, fixtures and furniture of £10,000 or more is stated in the balance sheet at cost less depreciation provided to write it off over a period of years as follows:

Computers and software	3 years
Other items	4 years

Investment Property

The Church Hall and Cottage on the All Hallows site, which are owned by the Chapter, is regarded as investment property as they are rented out on an arm's length basis to generate income for the Cathedral. The property was recognised in these financial statements on the basis of the valuation undertaken as at the 31st December 2010 which was based on the expected arms-length open-market value of the site. A valuation was carried out at 1st January 2014 and the revaluation gain was included in the Statement of Financial Activities. No material change in value occurred in 2015 in the opinion of the Chapter members.

Non-investment Property

Properties owned by the Chapter are included in the consolidated balance sheet at cost or valuation. A valuation was carried out at 1st January 2014 as disclosed in the notes to the financial statements. The transitional provisions of FRS102 have been used to treat this valuation as a deemed cost.

Investments

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

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the Consolidated Statement of Financial Activities as 'gains or losses on investments' and are allocated to the appropriate fund holding or disposing of the relevant investment.

Stocks

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

Funds

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

Endowment Funds

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

Restricted Funds

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

Unrestricted Funds

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

Designated Funds

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

Pension Scheme Arrangements

Defined contribution

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

Defined benefit

Pensions and related benefits for the Dean, Sub Dean and Canon Precentor are provided by the Church of England Funded Pensions Scheme. This scheme operates as an occupational pension scheme and contributions, at a rate determined having regard to actuarial advice, are paid into a separate fund in the trusteeship of the Church of England Pensions Board. Benefits arising from pensionable service are provided from that fund. The contributions to the fund by the Cathedral are charged to the Consolidated Statement of Financial Activities as incurred, as the scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities relating to the Cathedral.

2 Income and Endowments

Year to 31 December 2015

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Donations and Legacies				
Congregational collections and giving	267,171	55,662	-	322,833
Donations and fundraising appeals	101,786	29,019	-	130,805
Tax recoverable under Gift Aid	59,638	4,440	-	64,078
Income from Friends and local trusts	59,176	244,446	-	303,622
Legacies	96,075	-	-	96,075
	<u>583,846</u>	<u>333,567</u>	<u>-</u>	<u>917,413</u>
Grants in Support of mission				
Church Commissioners	-	188,804	-	188,804
Other revenue and capital grants	8,500	20,745	-	29,245
	<u>8,500</u>	<u>209,549</u>	<u>-</u>	<u>218,049</u>
Charges and fees arising in the course of mission				
Facility and other fees	237,121	7,829	-	244,950
Trading and fundraising activities				
Gross income of shop, refectory and other activities	709,027	-	-	709,027
Investments				
Income from investment Property	117,032	-	-	117,032
Income from other Investments	632	30,337	-	30,969
Interest receivable on short term deposits	72	-	-	72
	<u>117,736</u>	<u>30,337</u>	<u>-</u>	<u>148,073</u>
Other income				
Insurance recoveries	88	-	-	88
Other items	140	-	-	140
	<u>228</u>	<u>-</u>	<u>-</u>	<u>228</u>
Total	<u><u>1,656,458</u></u>	<u><u>581,282</u></u>	<u><u>-</u></u>	<u><u>2,237,740</u></u>

2 Income and Endowments (continued)

Year to 31 December 2014

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Donations and Legacies				
Congregational collections and giving	277,730	49,495	-	327,225
Donations and fundraising appeals	121,100	42,518	-	163,618
Tax recoverable under Gift Aid	56,678	4,170	-	60,848
Income from Friends and local trusts	97,148	411,468	-	508,616
Legacies	48,058	-	-	48,058
	<u>600,714</u>	<u>507,651</u>	<u>-</u>	<u>1,108,365</u>
Grants in Support of mission				
Church Commissioners	-	185,956	-	185,956
Other revenue and capital grants	9,898	33,994	-	43,892
	<u>9,898</u>	<u>219,950</u>	<u>-</u>	<u>229,848</u>
Charges and fees arising in the course of mission				
Facility and other fees	234,184	10,383	-	244,567
Trading and fundraising activities				
Gross income of shop, refectory and other activities	644,167	-	-	644,167
Investments				
Income from investment Property	118,123	-	-	118,123
Income from other Investments	620	23,294	-	23,914
Interest receivable on short term deposits	54	-	-	54
	<u>118,797</u>	<u>23,294</u>	<u>-</u>	<u>142,091</u>
Other income				
Insurance recoveries	1,934	-	-	1,934
Other items	19,267	-	-	19,267
	<u>21,201</u>	<u>-</u>	<u>-</u>	<u>21,201</u>
Total	<u>1,628,961</u>	<u>761,278</u>	<u>-</u>	<u>2,390,239</u>

Year to 31 December 2015

3 Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Costs of facilities for visitors	88,170	4,596	-	92,766
Gross costs of shop, refectory and other activities	388,509	-	-	388,509
Costs of appeals and fund raising	1,101	30,150	-	31,251
Let property costs	37,457	11,512	-	48,969
	<u>515,237</u>	<u>46,258</u>	<u>-</u>	<u>561,495</u>

4 Other expenditure

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £
Ministry				
Clergy stipends and working expenses	51,941	128,488	-	180,429
Clergy housing costs	75,346	-	-	75,346
Clergy support costs	74,137	9,584	-	83,721
Services, music and congregational costs	228,207	53,279	-	281,486
	<u>429,631</u>	<u>191,351</u>	<u>-</u>	<u>620,982</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	245,987	-	245,987
Vergers and interior upkeep	273,691	13,166	-	286,857
Cathedral insurance	44,079	-	-	44,079
Precincts, security and gardens upkeep	24,185	-	-	24,185
Support costs	181,438	23,146	-	204,584
	<u>523,393</u>	<u>282,299</u>	<u>-</u>	<u>805,692</u>
Education and outreach				
Educational activities	31,178	1,532	-	32,710
Charitable and other giving	35,515	84,714	-	120,229
	<u>66,693</u>	<u>86,246</u>	<u>-</u>	<u>152,939</u>
Community, parish and congregation	<u>42,718</u>	<u>1,532</u>	<u>-</u>	<u>44,250</u>
Other expenditure				
Interest and similar charges payable	6,633	-	-	6,633
Other items	-	-	-	-
	<u>6,633</u>	<u>-</u>	<u>-</u>	<u>6,633</u>
Total	<u>1,584,305</u>	<u>607,686</u>	<u>-</u>	<u>2,191,991</u>

Included within support costs are staff and office costs associated with running the Cathedral.

Year to 31 December 2014

3 Expenditure on raising funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Costs of facilities for visitors	74,720	5,975	-	80,695
Gross costs of shop, refectory and other activities	389,220	-	-	389,220
Costs of appeals and fund raising	1,367	13,351	-	14,718
Let property costs	21,589	24,835	-	46,424
	<u>486,896</u>	<u>44,161</u>	<u>-</u>	<u>531,057</u>

4 Other expenditure

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £
Ministry				
Clergy stipends and working expenses	40,914	108,608	-	149,522
Clergy housing costs	88,195	-	-	88,195
Clergy support costs	60,317	11,614	-	71,931
Services, music and congregational costs	199,061	50,408	-	249,469
	<u>388,487</u>	<u>170,630</u>	<u>-</u>	<u>559,117</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	404,305	-	404,305
Vergers and interior upkeep	203,726	2,988	-	206,714
Cathedral insurance	40,291	-	-	40,291
Precincts, security and gardens upkeep	9,869	-	-	9,869
Support costs	169,753	27,807	-	197,560
	<u>423,639</u>	<u>435,100</u>	<u>-</u>	<u>858,739</u>
Education and outreach				
Educational activities	27,290	996	-	28,286
Charitable and other giving	32,162	81,443	-	113,605
	<u>59,452</u>	<u>82,439</u>	<u>-</u>	<u>141,891</u>
Community, parish and congregation	<u>40,205</u>	<u>1,992</u>	<u>-</u>	<u>42,197</u>
Other expenditure				
Interest and similar charges payable	28,755	3,984	-	32,739
Other items	-	10,906	-	10,906
	<u>28,755</u>	<u>14,890</u>	<u>-</u>	<u>43,645</u>
Total	<u>1,427,434</u>	<u>749,212</u>	<u>-</u>	<u>2,176,646</u>

Included within support costs are staff and office costs associated with running the Cathedral.

5 Investment in Subsidiary Undertaking

The Cathedral owns 100,000 £1 ordinary shares representing the entire issued share capital of Southwark Cathedral Enterprises Limited, registered in England. This company deals with all the trading activities of the Cathedral shop and administers the car parking (including the upkeep of the roadway and the adjacent area), the refectory, income from tours, and the use of the Cathedral (except for services) and its facilities. All net profits are transferred to the Cathedral under Gift Aid.

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

	2015 £	2014 £
Turnover	709,027	644,167
Cost of sales	<u>(112,412)</u>	<u>(130,078)</u>
Gross Profit	596,615	514,089
Other Operating Costs	(276,097)	(259,141)
Profit transferred to the Cathedral	<u>(321,575)</u>	<u>(255,767)</u>
Retained loss for the year	(1,057)	(819)
Accumulated profit brought forward	10,138	10,957
Accumulated profit carried forward	9,081	10,138
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>109,081</u></u>	<u><u>110,138</u></u>

Advantage is taken of the exemption under FRS102 from disclosure of intra-group transactions of the wholly owned subsidiary.

6 Investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Market value at 1st January 2015	700,000	16,331	579,518	1,295,849
Net Increase on revaluation	-	226	6,269	6,495
Market value at 31st December 2015	<u>700,000</u>	<u>16,557</u>	<u>585,787</u>	<u>1,302,344</u>
CBF Investment Fund shares	-	16,557	-	16,557
Investec Wealth and Investment portfolio	-	-	585,787	585,787
Investment property at All Hallows	<u>700,000</u>	-	-	<u>700,000</u>
	<u><u>700,000</u></u>	<u><u>16,557</u></u>	<u><u>585,787</u></u>	<u><u>1,302,344</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2015	-	-	15,250,000	15,250,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 2015	-	-	15,250,000	15,250,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Endowment Funds	Total Funds
	£	£
At 1st January 2015		
for Cathedral office facilities	2,500,000	2,500,000
for Cathedral clergy and staff housing	12,750,000	12,750,000
	<hr/>	<hr/>
	15,250,000	15,250,000
	<hr/> <hr/>	<hr/> <hr/>

Non-investment properties are held and used as follows:

At 1st January 2015		
for Cathedral office facilities	2,500,000	2,500,000
for Cathedral clergy and staff housing	12,750,000	12,750,000
	<hr/>	<hr/>
	15,250,000	15,250,000
	<hr/> <hr/>	<hr/> <hr/>

Non-investment property comprises:

	2015	2014
	£	£
The Deanery, 50/51 Bankside, SE1	3,750,000	3,750,000
52 Bankside, SE1	1,500,000	1,500,000
Montague Chambers, Montague Close, SE1	2,500,000	2,500,000
All Hallows' Vicarage, 2 Copperfield Street, SE1	2,250,000	2,250,000
St. Paul's Vicarage, 54 Kipling Street, SE1	2,650,000	2,650,000
73 St. George's Road, SE1	1,100,000	1,100,000
7 Temple West Mews, SE11	1,500,000	1,500,000
	<hr/>	<hr/>
	15,250,000	15,250,000
	<hr/> <hr/>	<hr/> <hr/>

During 2014, the Chapter commissioned a valuation of the Cathedral's property portfolio with Biscoe Craig Hall as at 1st January 2014. The valuation was carried out on a fair value basis following the guidance notes of the RICS Valuation Professional Standards 2014.

Montague Chambers is subject to a legal charge in favour of the Millennium Commission in connection with grant funding. Certain other properties act as security for loans as described in note 11.

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

In addition to the above, the Chapter owns and administers the following freehold properties which are not valued in the financial statements: The Cathedral and Collegiate Church of St. Saviour & St. Mary Overie, together with the 1988 Chapter House and Millennium Buildings which are considered to be inalienable assets and are held for the continuing use and mission of the Cathedral. The freehold of the All Hallows Church site is also owned by the Chapter but it is not valued in the financial statements as it is consecrated property which is excluded from accountability by virtue of section 10 Charities Act 2011.

8 Equipment and Plant

Group	Computer Equipment	Nave Chairs	Other Assets	Total
Cost				
At 1st January 2015	82,657	153,358	461,166	697,181
Additions	18,905	-	61,621	80,526
At 31st December 2015	<u>101,562</u>	<u>153,358</u>	<u>522,787</u>	<u>777,707</u>
Depreciation				
At 1st January 2015	82,657	153,358	335,987	572,002
Charge for the year	6,302	-	86,811	93,113
At 31st December 2015	<u>88,959</u>	<u>153,358</u>	<u>422,798</u>	<u>665,115</u>
Net Book Value				
At 31st December 2015	<u>12,603</u>	<u>-</u>	<u>99,989</u>	<u>112,592</u>
At 31st December 2014	<u>-</u>	<u>-</u>	<u>125,179</u>	<u>125,179</u>
Cathedral				
Cost				
At 1st January 2015	73,759	153,358	379,648	606,765
Additions	18,905	-	61,621	80,526
At 31st December 2015	<u>92,664</u>	<u>153,358</u>	<u>441,269</u>	<u>687,291</u>
Depreciation				
At 1st January 2015	73,759	153,358	263,030	490,147
Charge for the year	6,302	-	84,670	90,972
At 31st December 2015	<u>80,061</u>	<u>153,358</u>	<u>347,700</u>	<u>581,119</u>
Net Book Value				
At 31st December 2015	<u>12,603</u>	<u>-</u>	<u>93,569</u>	<u>106,172</u>
At 31st December 2014	<u>-</u>	<u>-</u>	<u>116,618</u>	<u>116,618</u>

9 Debtors

	Group		Cathedral	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors and users of facilities	172,444	170,226	76,064	70,308
Amounts owed by group undertaking	-	-	113,255	46,586
Other debtors and prepayments	37,783	55,045	37,783	55,045
	<u>210,227</u>	<u>225,271</u>	<u>227,102</u>	<u>171,939</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2015	2014	2015	2014
	£	£	£	£
Loans	-	30,000	-	30,000
Tax and social security costs	18,499	16,078	18,499	16,078
Other creditors and accruals	240,979	220,009	148,229	126,850
	<u>259,478</u>	<u>266,087</u>	<u>166,728</u>	<u>172,928</u>

11 Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2015	2014	2015	2014
	£	£	£	£
South London Church Fund and Southwark Diocesan Board of Finance	-	80,000	-	80,000
	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>
These loans are repayable as shown below:	2015	2014	2015	2014
	£	£	£	£
Within one year	-	30,000	-	30,000
Between one and two years	-	60,000	-	60,000
Between two and five years	-	20,000	-	20,000
In five years or more	-	-	-	-
	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>

The one outstanding loan from the Southwark Diocesan Board of Finance and South London Church Fund was repaid in full on 31 December 2015.

12 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2014 - £Nil).

In both 2015 and 2014, one employee received remuneration in the £60,000 to £69,999 band. Pension contributions in respect of this employee were £3,127 (2014 – £3,043).

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

	2015	2015	2014	2014
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	1
Administrative staff	5	2	5	1
Music department	2	8	2	8
Vergers department	4	1	4	1
Works department	1	4	1	4
Visitors	1	3	1	-
Subsidiary undertaking	4	2	4	2
	<u>20</u>	<u>21</u>	<u>20</u>	<u>17</u>

	2015	2014
	£	£
Employee costs for the year		
Salaries and stipends	632,230	569,112
Employer's national insurance costs	53,790	49,711
Employer's pension contributions	26,487	19,813
	<u>712,507</u>	<u>638,636</u>

Emoluments of Chapter members (Key Management Personnel)

	2015	2014
	£	£
Dean	34,290	33,615
Sub Dean	26,880	15,196
Canon Residentiary	26,880	26,333
Comptroller	62,541	61,097
	<u>150,591</u>	<u>136,241</u>

Expenses of ex-officio Chapter members

Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	1,170	651
Travel	1,677	1,220
Hospitality	15,262	16,525
Other	628	1,910
	<u>18,737</u>	<u>20,306</u>

13 Pensions

Southwark Cathedral (PB Classic) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Employees of Southwark Cathedral are enrolled in the Pension Builder Classic Scheme of the Church Workers Pension Fund which is classed as a defined benefit scheme. The Cathedral contributes up to a matching 5% of the member's basic salary. The total charge included in these accounts, including Clergy, is £55,893 (2014 - £43,144).

The Pension Builder Classic Scheme provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

14 Auditors' Remuneration

	2015	2014
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,750	15,000
- Non audit services	2,050	1,000
	<u>17,800</u>	<u>16,000</u>

15 Commitments under Operating Leases

At 31st December 2015 the Chapter was committed to making the following total minimum lease payments under non-cancellable operating leases on office equipment in the year to 31st December 2016:

	2015	2014
	£	£
Payments due within one year	13,431	13,654
Payments due between one and two years	13,078	13,431
Payments due between two and five years	6,511	19,589
	<u>33,020</u>	<u>46,674</u>

16 Unrestricted Funds

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

Year to 31 December 2015

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	583,846	-	-	583,846
Grants in support of mission	8,500	-	-	8,500
Charges and fees arising in course of mission	237,121	-	-	237,121
Trading and fundraising	-	709,027	-	709,027
Investments	117,736	-	-	117,736
Other income	228	-	-	228
Total income	947,431	709,027	-	1,656,458
EXPENDITURE ON:				
Raising Fund	126,728	388,509	-	515,237
Ministry	429,631	-	-	429,631
Cathedral and precincts upkeep	506,945	-	16,448	523,393
Education and outreach	66,693	-	-	66,693
Community, parish and congregation	42,718	-	-	42,718
Other expenditure	6,633	-	-	6,633
Total Expenditure	1,179,348	388,509	16,448	1,584,305
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(231,917)	320,518	(16,448)	72,153
Net gains on Investments	-	-	-	-
Net income/(expenditure)	(231,917)	320,518	(16,448)	72,153
Gross transfers between funds	246,594	(321,575)	75,000	19
Other recognised gains/(losses)				
Gains on revaluation of fixed assets	-	-	-	-
Net Movement in Funds	14,677	(1,057)	58,552	72,172
Funds brought forward	307,343	10,138	567,459	884,940
Total Funds Carried Forward	322,020	9,081	626,011	957,112

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

The transfer to the Property Fund represents amounts designated by the Chapter towards the cost of major building repairs.

16 Unrestricted Funds (continued)

Year to 31 December 2014

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	600,714	-	-	600,714
Grants in support of mission	9,898	-	-	9,898
Charges and fees arising in course of mission	234,184	-	-	234,184
Trading and fundraising	-	644,167	-	644,167
Investments	118,797	-	-	118,797
Other income	21,201	-	-	21,201
	<u>984,794</u>	<u>644,167</u>	<u>-</u>	<u>1,628,961</u>
EXPENDITURE ON:				
Raising Fund	97,677	389,219	-	486,896
Ministry	388,488	-	-	388,488
Cathedral and precincts upkeep	423,639	-	-	423,639
Education and outreach	59,452	-	-	59,452
Community, parish and congregation	40,205	-	-	40,205
Other expenditure	28,754	-	-	28,754
Total Expenditure	<u>1,038,216</u>	<u>389,219</u>	<u>-</u>	<u>1,427,434</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(53,421)	254,948	-	201,527
Net gains on investments	-	-	-	-
Net income(expenditure)	(53,421)	254,948	-	201,527
Gross transfers between funds	<u>106,861</u>	<u>(255,767)</u>	<u>135,000</u>	<u>(13,906)</u>
Other recognised gains/(losses)				
Gains on revaluation of fixed assets	-	-	-	-
Net Movement in Funds	53,440	(819)	135,000	187,621
Reconciliation of funds:				
Total funds brought forward (restated)	<u>253,903</u>	<u>10,957</u>	<u>432,459</u>	<u>697,319</u>
Total funds Carried Forward	<u><u>307,343</u></u>	<u><u>10,138</u></u>	<u><u>567,459</u></u>	<u><u>884,940</u></u>

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

The transfer to the Property Fund represents amounts designated by the Chapter towards the cost of major building repairs.

17 Restricted Income Funds

Year to 31 December 2015

	Choir Funds £	Other Restricted Income £	Property Fund £	Pastoral & Parochial Work Account £	Millennium Project Account £	Total £
INCOME AND ENDOWMENTS FROM:						
Donation and Legacies	1,995	98,363	233,209	-	-	333,567
Grants in support of mission	-	189,804	19,745	-	-	209,549
Charges and fees arising in course of mission	7,829	-	-	-	-	7,829
Trading and fundraising	-	-	-	-	-	-
Investments	29,749	588	-	-	-	30,337
Other income	-	-	-	-	-	-
Total income	39,573	288,755	252,954	-	-	581,282
EXPENDITURE ON:						
Raising Fund	30,150	4,596	3,229	8,283	-	46,258
Ministry	31,282	160,069	-	-	-	191,351
Cathedral and precincts upkeep	-	36,312	245,987	-	-	282,299
Education and outreach	-	86,246	-	-	-	86,246
Community, parish and congregation	-	1,532	-	-	-	1,532
Other expenditure	-	-	-	-	-	-
Total Expenditure	61,432	288,755	249,216	8,283	-	607,686
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(21,859)	-	3,738	(8,283)	-	(26,404)
Net gains on Investments	-	-	222	-	-	222
Net income(expenditure)	(21,859)	-	3,960	(8,283)	-	(26,182)
Gross transfers between funds	(19)	-	-	-	481,785	481,766
Other recognised gains/(losses)						
Gains on revaluation of fixed assets	-	-	-	-	-	-
Net Movement in Funds	(21,878)	-	3,960	(8,283)	481,785	455,584
Funds brought forward	62,784	-	8,390	8,283	(701,915)	(622,458)
Total Funds Carried Forward	40,906	-	12,350	-	(220,130)	(166,874)

The transfer to the Millennium Project Account represents the release of the Capital Account Endowment Fund as explained in note 18.

17 Restricted Income Funds (continued)

Year to 31 December 2014

	Choir Funds £	Other Restricted Income £	Property Fund £	Centenary Chairs Appeal £	Pastoral & Parochial Work Account £	Millennium Project Account £	Total £
Incoming Resources							
Donation and Legacies	15,608	96,257	395,786	-	-	-	507,651
Grants in support of mission	-	185,956	33,994	-	-	-	219,950
Charges and fees arising in course of mission	10,383	-	-	-	-	-	10,383
Trading and fundraising	-	-	-	-	-	-	-
Investments	23,294	-	-	-	-	-	23,294
Other income	-	-	-	-	-	-	-
Total Income	49,285	282,213	429,780	-	-	-	761,278
EXPENDITURE ON:							
Raising Funds	13,351	5,975	10,475	-	14,360	-	44,161
Ministry	24,508	146,122	-	-	-	-	170,630
Cathedral and precincts upkeep	-	30,795	404,305	-	-	-	435,100
Education and outreach	-	82,439	-	-	-	-	82,439
Community, parish and congregation	-	1,992	-	-	-	-	1,992
Other expenditure	-	14,890	-	-	-	-	14,890
Total Expenditure	37,859	282,213	414,780	-	14,360	-	749,212
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	11,426	-	15,000	-	(14,360)	-	12,066
Net gains on investments	-	-	826	-	-	-	826
Net income(expenditure)	11,426	-	15,826	-	(14,360)	-	12,892
Gross transfers between funds	(35)	-	-	13,941	-	-	13,906
Other recognised gains/(losses)							
Gains on revaluation of fixed assets	-	-	-	-	-	-	-
Net Movement in Funds	11,391	-	15,826	13,941	(14,360)	-	26,798
Reconciliation of funds:							
Total funds brought forward	51,393	-	(7,436)	(13,941)	22,643	(701,915)	(649,256)
Total funds Carried Forward	62,784	-	8,390	-	8,283	(701,915)	(622,458)

18 Endowment Funds

Year to 31 December 2015

	Buildings Fund £	Capital Account £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:					
Donation and Legacies	-	-	-	-	-
Grants in support of mission	-	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-	-
Trading and fundraising	-	-	-	-	-
Investments	-	-	-	-	-
Other income	-	-	-	-	-
Total income	-	-	-	-	-
EXPENDITURE ON:					
Raising Fund	-	-	-	-	-
Ministry	-	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-	-
Education and outreach	-	-	-	-	-
Community, parish and congregation	-	-	-	-	-
Other expenditure	-	-	-	-	-
Total Expenditure	-	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS					
	-	-	-	-	-
Net gains on Investments	-	-	73	6,200	6,273
Net income(expenditure)	-	-	73	6,200	6,273
Gross transfers between funds	-	(481,785)	-	-	(481,785)
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	-	-
Net movement in funds	-	(481,785)	73	6,200	(475,512)
Funds brought forward	15,250,000	481,785	536,704	575,968	16,844,457
Total Funds Carried Forward	<u>15,250,000</u>	<u>-</u>	<u>536,777</u>	<u>582,168</u>	<u>16,368,945</u>

The transfer from the Capital Account represents the release of funds that had historically recorded as capital receipts but with no known restriction as to their application. In practice, these funds were expended on the Millennium Project building works and accordingly the Chapter resolved to release the Capital Account balance to reduce the deficit on the Millennium Project Account in note 17.

18 Endowment Funds (continued)

Year to 31 December 2014

	Buildings Fund £	Capital Account £	Property Fund £	Choir Endowment Fund £	Total £
Incoming Resources					
Donation and Legacies	-	-	-	-	-
Grants in support of mission	-	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-	-
Trading and fundraising	-	-	-	-	-
Investments	-	-	-	-	-
Other income	-	-	-	-	-
Total Income	-	-	-	-	-
EXPENDITURE ON:					
Raising Funds					
Ministry	-	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-	-
Education and outreach	-	-	-	-	-
Community, parish and congregation	-	-	-	-	-
Other expenditure	-	-	-	-	-
Total Expenditure	-	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	-	-	-	-	-
Net gains on investments	-	-	89	11,045	11,134
Net income(expenditure)	-	-	89	11,045	11,134
Gross transfers between funds	(70,000)	-	70,000	-	-
Other recognised gains/(losses)					
Gains on revaluation of fixed assets	-	-	-	-	-
Net Movement in Funds	(70,000)		70,089	11,045	11,134
Reconciliation of funds:					
Total funds brought forward	15,320,000	481,785	466,615	564,923	16,833,323
Total funds Carried Forward	15,250,000	481,785	536,704	575,968	16,844,457

19 Notes on Funds

Property Fund

That portion of the Property Fund represented by the proceeds of sale of properties formerly belonging to the Cathedral is part of the endowment and can be used to acquire land and to improve or develop property other than the Cathedral buildings. Endowment monies can only be expended on Cathedral buildings with the consent of the Church Commissioners and subject to agreement between the Commissioners and the Chapter that such monies will be repaid. The endowment element of the Fund is £536,777 (2014 - £536,704). The balance of the restricted element of the fund at the year end is £12,350 (2014 – £8,390). The unrestricted element of the fund stands at £626,011 (2014 - £567,459) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage and amounts designated by the Chapter for major building work totalling £147,336 (2014 - £135,000).

Millennium Project Account

The overdrawn balance on this account represents the net expenditure in preparing the application to the Millennium Commission and the costs of the project incurred.

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

Buildings Fund

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals. The value of this fund at 31st December 2015 stands at £15,250,000 following the revaluation of Cathedral properties during 2014.

Capital Account

This account is treated as an endowment. A decision was made in 2015 to transfer the entire balance of this fund to the Millennium Project Account in order to offset the deficit on that fund. The Capital account was therefore closed on 31 December 2015.

Choirs Endowment Fund

Income from this fund jointly supports the Boys and Girls Choirs and the music of the Cathedral.

Property Endowment Fund

Income from this fund is to be applied to property maintenance of the Cathedral property portfolio.

Choristers Funds

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

General Revenue Account

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

20 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2015 £
Fund balances at 31st December 2015				
are represented by:				
Tangible fixed assets	112,593	-	15,250,000	15,362,593
Investments	700,000	16,557	585,787	1,302,344
Current Assets	681,233	72,491	-	753,724
Current Liabilities	(240,271)	(19,207)	-	(259,478)
Long term liabilities	-	-	-	-
Inter-fund loan	(296,443)	(236,715)	533,158	-
Total net assets	<u>957,112</u>	<u>(166,874)</u>	<u>16,368,945</u>	<u>17,159,183</u>

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

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2014 £
Fund balances at 31st December 2014				
are represented by:				
Tangible fixed assets	125,180	-	15,250,000	15,375,180
Investments	700,000	16,331	579,518	1,295,849
Current Assets	689,824	92,173	-	781,997
Current Liabilities	(216,912)	(49,175)	-	(266,087)
Long term liabilities	-	(80,000)	-	(80,000)
Inter-fund loan	(413,152)	(601,787)	1,014,939	-
Total net assets	<u>884,940</u>	<u>(622,458)</u>	<u>16,844,457</u>	<u>17,106,939</u>

21 Connected Charities

The undernoted entities, for which financial information, subject to audit where appropriate, is set out below, are not controlled by the Chapter but are wholly for the benefit of the Cathedral. In accordance with the guidelines on Cathedral Accounting, only the transactions with these entities are included in the consolidated accounts. The information relates to the accounting years ending in 2015 with the exception of the Friends of Southwark Cathedral where the figures relate to the accounting year ending 31 December 2014.

	Trustees of the Rectory of St Saviour	Friends of Southwark Cathedral	Development Trust
	£	£	£
Gross income	12,463	32,137	433,818
Net income before amounts paid to Cathedral	12,463	24,559	351,106
Amounts paid to Cathedral	-	3,262	240,957
Gross assets	57,660	233,481	307,135
Net assets	57,660	232,484	268,151

The amounts received from these connected charities were somewhat different from those received in 2014 when the Trustees of the Rectory of St Saviour made a grant of £28,849 towards boiler replacement works and the Development Trust made grants totalling £375,479 towards various fabric works, financial support for the choirs and social mission work (for further information see the Fundraising section on pages 10 and 11).

22 Transition to FRS102

This is the first year that the Cathedral has prepared its financial statements under FRS102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS102 was 1 January 2014. A reconciliation of amounts presented under UK GAAP and FRS102 is set out below for the Cathedral's total funds at 1 January 2014 together with an explanation of changes in accounting policies on transition.

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2015
	£	£	£	£
Total funds under previous UK GAAP	697,319	(649,256)	5,156,416	5,204,479
Revaluation treated as deemed cost	-	-	11,676,907	11,676,907
Total funds restated under FRS 102	697,319	(649,256)	16,833,323	16,881,386

In addition, governance costs are no longer presented as a separate category of expenditure in the Consolidated Statement of Financial activities as they are now regarded as part of the support costs allocated to the cost of activities undertaken by the Cathedral.

23 Cash flow notes

Reconciliation of net income to net Cash flow from operating activities:	2015	2014
	£	£
Net income for the reporting period (as per SOFA)	45,749	213,593
Adjustments for:		
Depreciation charges	93,113	71,405
Income from property and investments	(148,073)	(142,091)
Decrease in stock	2,065	10,187
Decrease in debtors	15,044	80,289
Decrease in creditors	(6,609)	(61,513)
Net cash provided by/(used in) operating activities	<u>1,289</u>	<u>171,870</u>
Analysis of cash and cash equivalent	2015	2014
	£	£
Cash in hand/held as Investment	516,905	528,069
Total cash and cash equivalents	<u>516,905</u>	<u>528,069</u>