

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2014

**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 a number of changes to Chapter membership during 2014. The Revd Canon Bruce Saunders, Sub Dean and Canon Pastor retired in July 2014. His successor is The Revd Canon Michael Rawson who took up his position in December 2014. Following the resignation of the Venerable Dr Jane Steen following her appointment in May 2013 as Archdeacon of Southwark, The Revd Canon Dr Mandy Ford was appointed as Canon Chancellor and took up her position in September 2014. Sr Joyce Yarrow retired as one of the two congregational representatives on the Chapter at the Annual Parochial Church Meeting in April 2014. Mr Neil McGuinness was elected in her place at the same meeting.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – *chairman*

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Derek Bartlett (*until July 2014*)

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Mrs Barbara Lane (*from September 2014*)

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 Nick Grenside – *Deputy 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

ARME

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 financial relationship with the Diocese is subject to periodic review. The Cathedral, unlike other parish churches, does not pay a parish share to the Diocese; nor is the Diocese charged for the use of the Cathedral for services, Diocesan occasions, training events and meetings. The Diocese and Diocesan groups are asked to make a contribution towards any additional costs incurred by the Cathedral on their behalf (eg catering and equipment).

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.

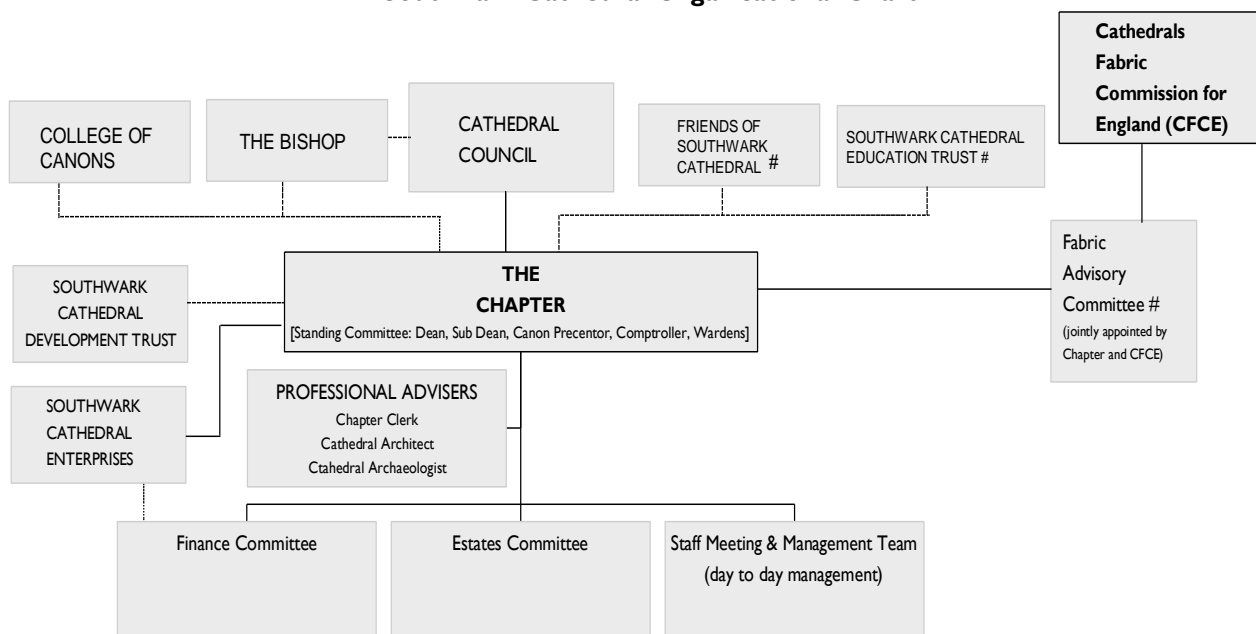
The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13

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, either appointed by the Bishop of Southwark, and 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.

A new **Estates Committee** was established in Spring 2014. The purpose of the committee is to advise 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 25 and detailed in note 5 to the accounts on page 32.

- *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 2014 is given in the Fundraising Report on pages 9 and 10 and in note 21 to the accounts on page 42.

Statement of the Chapter's 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 the 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 2014

In September 2014 The Revd Canon Dr Mandy Ford was appointed Canon Chancellor and in December 2014 The Revd Canon Michael Rawson, Canon Pastor of Wakefield Cathedral, was installed as the Sub Dean and Canon Pastor following the retirement of The Revd Canon Bruce Saunders in July 2014.

There were two changes to the membership of the Cathedral Council. The Revd Canon Giles Goddard and Canon Dr Cyril Young retired having completed their three-year terms. Their places were taken by The Revd Canon Dr Robert Titley and Canon Jill Sandham following their appointment by the College of Canons at their meeting in June 2014. Canon John O'Toole resigned following his appointment as National Ecumenical Officer for the Catholic Church in England and Wales and his departure from St George's Catholic Cathedral, Southwark. A new ecumenical representative has yet to be appointed. As previously noted, The Revd Canon Bruce Saunders resigned his position on the Council at his retirement in July 2014.

In July 2014, Derek Bartlett retired from the Finance Committee following his retirement as Chairman of Southwark Cathedral Enterprises Ltd. His place was taken by the new Chair, Barbara Lane.

Cathedral staff

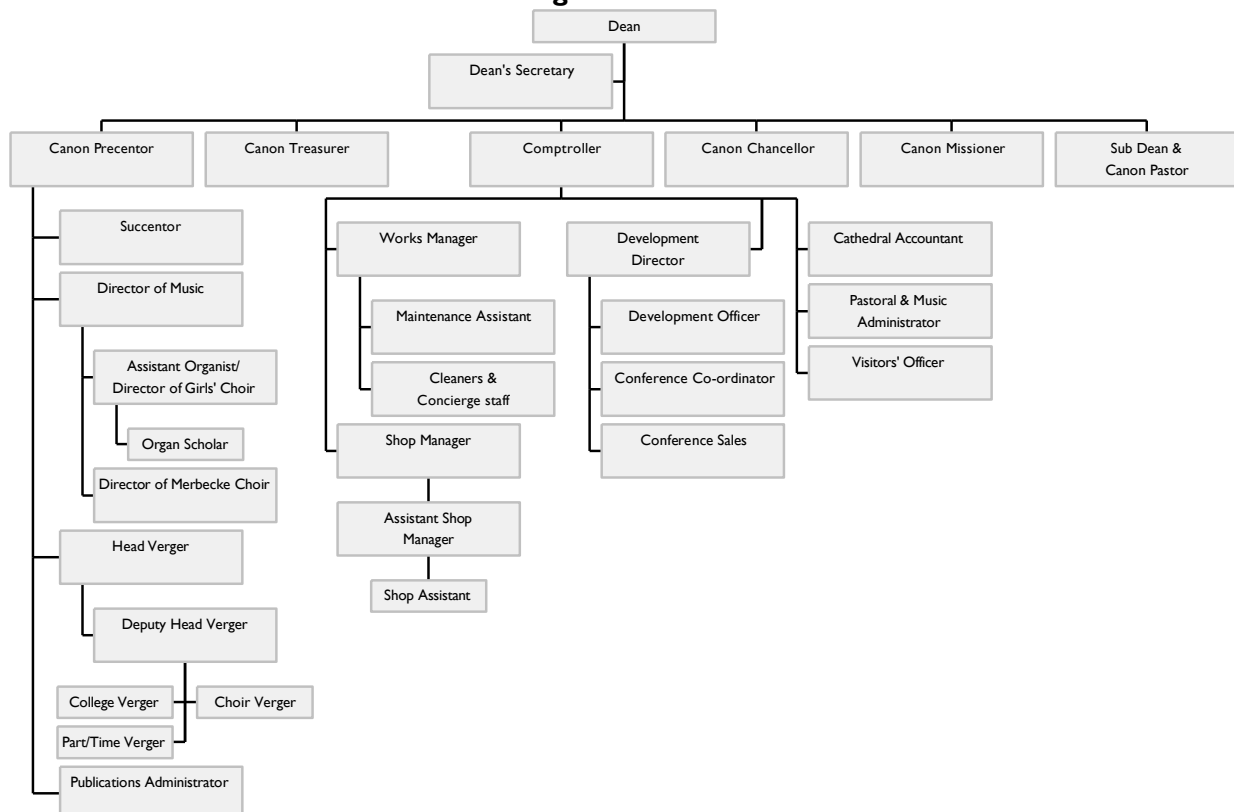
The Chapter is supported by the staff and volunteers of the Cathedral led by the following managers:

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>Shop Manager</i>
Paul Timms – <i>Head Verger</i>	

There were a small number of staff changes in 2014. In March, Christopher Crentsil was appointed as the new Conference Salesperson working for Southwark Cathedral Enterprises Ltd. In December we said goodbye to David Payne as he retired from the post of Visitors Officer after fifteen very successful years managing the Cathedral's ministry of welcome, marketing the Cathedral and organising tours. His successor will be appointed early in 2015.

A chart showing the staff structure is set out below. The number of employees is listed in Note 12 of the accounts on page 36, 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

Southwark Cathedral stands to the glory of God.

We are committed to

- ❑ **WORSHIP** in this holy place;
- ❑ **GOSPEL** values in all we do;
- ❑ **WELCOME** and respect for all people, serving them in the name of Jesus Christ.

Throughout the year the Cathedral has continued to work towards the furtherance of this mission.

Review of the past year

The Cathedral is a complex organisation and there are many facets to its work and worship. Income and expenditure patterns reflect the complexity of the organisation. There are a number of different sources of income: grants from third parties; donations by the congregation, visitors and trusts; trading activities managed by the Cathedral's subsidiary, Southwark Cathedral Enterprises Limited; use of the Cathedral and its immediate premises; 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.

2014 was another year of changes to the clergy team. In July we said farewell to Canon Bruce Saunders, Sub Dean and Canon Pastor, after 11 years of ministry at the Cathedral. A large congregation was present at his last Choral Eucharist and a number of presentations were made by colleagues and friends. In September we welcomed the Revd Canon Dr Mandy Ford as the new Canon Chancellor to succeed Canon Jane Steen following her appointment as Archdeacon of Southwark in 2013. Our new Sub Dean and Canon Pastor, Michael Rawson, was welcomed into the Cathedral Community at Choral Evensong on 14th December. With his appointment, and following four years of vacancies, the clergy team is now complete and this has provided an opportunity for team-building and some strategic planning for the future direction of the Cathedral which is taking place in the early part of 2015.

The consolidation of our financial position following three successive years of surpluses has allowed us to look beyond immediate fire fighting towards taking a more strategic view of the Cathedral's operations and the future shape of its ministry. With a full clergy team in place, it has been time to review some of our governance mechanisms. The newly-formed Estates Committee has met several times during the year with a brief to advise the Chapter on how best to manage its property portfolio to provide both good quality accommodation for our clergy, vergers and musicians and to derive an income from rents. The Chapter is looking forward to receiving the committee's recommendations in 2015.

Southwark Cathedral Enterprises had a second 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. In 2014, Derek Bartlett retired as Chairman of the Board after serving for 12 years as a director and six as Chairman. Derek oversaw the continued success of the company during a period of financial turbulence and recession and steered the Board through some very difficult decisions. The Board expressed their heartfelt thanks for all that he had contributed to the work of the directors and wished him a long and healthy retirement. Barbara Lane was elected the new Chair at the AGM in May and we look forward to an exciting new chapter in the life of Southwark Cathedral Enterprises under her stewardship.

2014 marked the centenary of the start of the First World War. The Cathedral supported the Diocese in leading the commemorations and reflecting the general mood of remembrance. We also saw a huge increase in visitor numbers during the period when the installation *Blood Swept Lands and Seas of Red* at the Tower of London proved to be a huge attraction. We were pleased to be able to offer hospitality and a place of quiet reflection during this time. The centenary offered the Government an opportunity to set up a grant scheme for repairs to Cathedrals in connection with their events to commemorate the War. £20 million was made available and we were successful in being awarded £325,000 in the first round of applications towards urgent repairs to the nave roof and gutters.

The Development Office is now well established in Montague Chambers, and the Chapter may need to consider its running costs to be a legitimate Cathedral expense in future years as the emphasis in fundraising moves away from one-off fabric projects and becomes instead an integral part of our life. Some of the results of our fundraising are very visible, some less so. For the second year running, the Cathedral has been surrounded by scaffolding while roof repair works were completed first on the north choir aisle, Harvard Chapel and north transept. Later in the year work began on the nave roof (south slope) and gutters which means that the only roofs still to complete are the nave roof (north slope) and choir. This work was funded by the Development Trust and was a very important conservation project run by our Architect, Kelley Christ, together with expert conservators and students from the City and Guilds of London Arts School. Valuable work on conserving the many important monuments within the Cathedral has begun, and environmental monitoring equipment is in place to provide information that will assist with future conservation work within the building. Funding from the Development Trust for our Choirs Endowment Fund has also enabled the Girls' Choir to sing with the lay clerks for one Choral Evensong each week which will enable them to extend their repertoire and offer them additional singing opportunities at Cathedral services.

Further fabric works will be possible as a result of a donation by the Friends of Southwark Cathedral who have provided the funding for a new lighting design of the Cathedral's external lighting system. As we are increasingly surrounded by tall buildings, it is all the more important to be visible to those around us, and it is hoped to have a newly designed system in place later in 2015 to replace that installed at the Millennium which is now no longer functioning.

The Cathedral Chapter is aware that the surrounding area is constantly changing. We welcomed our new neighbours, News UK, to the London Bridge area in 2014 as part of the continuing development of the area around the station. Extensive works to London Bridge mainline station over the next three years are going to have an impact on our life at Southwark and we are working to ensure that the challenges that this presents are overcome. It is a fact that almost every site around us is a potential development opportunity and we want to be able to stand amidst all this frenetic activity as a beacon of calm and stability while also remaining vigilant, ready to ask difficult questions of developers about how their plans can both affect and support community life for those who live in the area.

Last year we reported that we had entered into a short-life agreement with a local housing co-operative for them to occupy the All Hallows site and provide accommodation for their tenants in exchange for carrying out refurbishment on site. This followed a period when the building had been occupied by squatters. Nearly 18 months on and the arrangement has continued to work very well with substantial work having been carried out on site to make the building watertight and provide suitable accommodation for those who might otherwise be without a home. The Chapter's plans for bringing the site back into use for social mission work have been put on hold while we work out how we want to make best use of the site. The costs of re-fitting the building were much higher than we had expected and we need greater clarity on the purposes to which the building will be put.

During 2014 there were continued signs that the Cathedral's overall financial position was starting to improve. The recommendations originally made by the Chapter's Strategic Review carried out in 2009-2010 have now largely been implemented. These have resulted in more than 80% of our outstanding debt to the Diocese of Southwark being paid off with a plan to pay back the remainder (£110,000) by 2018. The Chapter is grateful for the continued support of the Diocesan Board of Finance in providing this financial assistance.

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 demonstrates. The cashflow position has improved but during the budget-setting exercise for 2015 every department was asked to maintain a tight control over all expenditure while trying not to affect the core work and mission of the Cathedral. We were pleased to see that congregational giving increased slightly in 2014 and the Chapter remains 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 that was identified in the architect's 2009

Quinquennial Inspection Report, 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 (The Trust) has received all donations and made grants to the Cathedral. At the end of 2014, the Trustees were pleased to be able to report that the total raised during the year (after deduction of fundraising costs) was £259,696 (compared with £252,978 during 2013).

Grants were made to the Cathedral of £354,613 for fabric works, £404 for the project to re-hang the bells, £9,987 for music (being the first year of a five-year funding arrangement towards the costs of the Girls Choir following a very successful fundraising initiative headed by Dame Mary Archer which raised £36,355) and £10,475 for social mission and our plans to bring All Hallows church back into use as a centre for worship and community activities.

Review of progress and future plans

In 2013, the Chapter set out the following priorities for the year ahead:

- *Continue to deepen the faith and spirituality of the congregation through the Living God programme*

The *Living God* programme ended in November 2014 with a congregational conference. The outcomes will be discussed by the clergy team at their vision-setting awaydays in February 2015.

- *Begin planning the next phase of fabric repairs to the Cathedral.*

As mentioned earlier in this report, substantial sums have been provided by the Development Trust for the continuing work on the Cathedral roofs. £325,000 from the Government's World War One Centenary Cathedral Repair Fund was awarded for work to re-roof the south slope of the nave and repair the gutters. An important first stage in environmental monitoring and conservation work on the Cathedral's monuments was begun with funding from the Cathedrals Fabric Repair Fund. All the roofs are now finished (with the exception of the Nave (north slope) and Chancel which are not currently regarded as in urgent need of repair).

- *Begin working with the Estates Committee to draw up a strategic plan for our property portfolio*

The newly formed Estates Committee met several times during the year and is preparing to present its recommendations for the future use of the property portfolio to the Chapter during 2015.

Looking ahead, the priorities for the Chapter are to establish a strategy and vision for the next stage in the Cathedral's life now that a new clergy team are in place; working on ways to enhance and develop our visitor welcome and experience; generate funds to re-hang the bells and carry out badly-needed refurbishment work on the Cathedral organ; and to 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. The Chapter will also be considering 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, together with the Board of Southwark Cathedral Enterprises, intends to undertake a thorough revision of its risk registers in the coming year.

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 2013.

Sunday Services		Average attendance
8.45am	Morning Prayer	3
9.00am	Eucharist	40
11.00am	Choral Eucharist	410
3.00pm	Choral Evensong	130
6.30pm	'6.30 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 organised by the young people at the Cathedral through YouthXpress. These "6.30 at Southwark" services continue to attract four distinct and stable congregations.

Music

Both the Boys' and Girls' Choirs continue to flourish, each with 20 full choristers and 5 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.

In February the Girls' choir undertook another Choir Tour; this time to Paris singing services at La Madeleine, Saint-Eustache and the Anglican Church of St. George's. In addition to singing, the choristers took full advantage of the wonders of that magical city – not least on a *Bateau-mouche* to take in the major sights.

The Royal College of Organists celebrated its 150th anniversary in 2014. On 8th March in the Cathedral, following the Conferment of Diplomas and a magnificent recital by Daniel Hyde (Magdalen College, Oxford), the Great Choir (boys, girls and men) sang Evensong comprising music by musicians closely associated with the RCO including Philip Moore (who becomes President in 2015), Herbert Howells, Francis Jackson, CHH Parry, John Rutter (who was receiving the RCO medal, its highest honour, that day) and several others. The other recipient of an RCO medal, Dr Simon Preston, was represented in the preceding recital. Performing to such a distinguished congregation of organists, choral directors and composers concentrated the mind and was certainly one of the year's highlights.

In May BBC Choral Evensong came from Southwark and this time it was the turn of the boys and men. Repertoire included Dyson in F - the soloist in the *Magnificat* being head chorister, Raphael Geldsetzer - *Surely thou hast tasted*, written in 1980 for the Choir by Bernard Rose, and *Vast Ocean of light* by Jonathan Dove, one of the works composed for the FCM volume, *Choirbook for the Queen*.

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 last year, are still available and can be found at www.merbecke.org.uk/cd.html.

In August we said goodbye to our Organ Scholar, Martyn Noble, after two years. As did his distinguished predecessors he has deservedly moved on to a prestigious post, that of Sub-Organist at H.M. Chapels Royal at St James' Palace and we wish him well there. His place has been taken by Alexander Binns, a postgraduate student at the Royal College of Music, who

previously has held similar positions at St George's Chapel, Windsor Castle, Marylebone Parish Church and the Royal Hospital, Chelsea.

1st March marked the 25th anniversary of Peter Wright's tenure as Organist and Director of Music at Southwark and, to mark this, The Bishop of Southwark installed him as an Honorary Lay Canon.

The Old Choristers' Association continues to flourish and on Sunday, 7th September met for its annual lunch and reunion and a good number of recent choristers attended. Former choristers continue to distinguish themselves in the musical world and other walks of life. Freddie James has completed his MPhil at Cambridge and is now studying organ with Ludger Lohmann in Stuttgart with the aid of a Nicholas Danby Trust Scholarship. Edwin Malins gained a first-class BSc in Applied Ecology and Conservation at Reading University and is now undertaking post-graduate study in Invertebrate Ecology at Staffordshire University, while Ted Elgar, studying History and Politics at St John's College, Oxford, appeared on BBC2 in *University Challenge*.

During the year we said farewell to four choral scholars: Noel Chow, Ivo Almond (now at the Royal College of Music), Harry Bradford and Stewart Bates (both of whom are now choral scholars at Cambridge). Benjamin Solomon left the Boys' Choir and Clara Marshall, Alexandra Kanini-Parsons and Gabriella Kanini-Parsons the Girls'. All were admitted as members of the Old Choristers' Association.

The cost of the music in 2014 was £180,337, higher than in 2013 (£164,061) 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. Additional funding for this came from the income from the Choirs Endowment Fund which was valued at £575,968 at 31st December 2014 and generated an income of £23,294 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 Cathedral could not operate at the level of excellence or activity that it does without the support of its 480 volunteers who give freely of their time and skills. People contribute in a host of different ways as the table on the next page shows, and their work supports both the Cathedral and the local community. Many people volunteer in more than one capacity.

The contribution from the volunteers gives the Cathedral access to skilled, professional advice and allows it to expand the scale and scope of its ministry and to provide a warm welcome to its thousands of visitors. The volunteers in turn have the satisfaction of using talents honed over a lifetime or an opportunity to gain experience that may help them into employment.

The Cathedral showed its appreciation for its volunteers this year by holding a very successful and well-attended party for them in September.

The Cathedral continues to manage its volunteers in a professional way in line with the commitment it made in 2012 to comply with the code of practice set out in the Greater London Volunteer Management Charter. The volunteer programme is regularly reviewed at a senior level by the Volunteer Monitoring Group chaired by the Dean and through the twice-yearly meeting of the leaders of the volunteer groups. The voluntary role of Volunteer Co-ordinator provides an additional resource in support of the pursuit of excellence in volunteering.

A significant development during the year has been the detailed planning for the opening, in April 2015, of a Mothers' Union branch for the Cathedral and the parish of St Hugh's.

A special tribute should be paid to the work of David Payne, the Visitors Officer, who retired in December 2014 after 15 years' service with the Cathedral. In addition to his responsibilities in connection with the promotion of the Cathedral to tour groups and managing the welcome for visitors, David devoted significant amounts of his time to the care and supervision of volunteers in many areas of Cathedral life, including producing high-quality volunteer handbooks, training programmes and fellowship events which were greatly appreciated by those who worked with him. His expertise was often exported to other cathedrals keen to adopt the best practices which David had worked so hard to develop.

A successor to David Payne will be appointed in Spring 2015 with the intention that the new post holder will combine a continuing supervisory role for the Welcomers, Day Chaplains and Cathedral Guides with plans for a new Welcome Desk from which to greet visitors following an initial trial in October 2014.

Voluntary involvement in Cathedral life

Organisation	Number of volunteers
Bell ringers	45
Broderers	12
Committee members	58
Day chaplains	31
Education Centre volunteers	22
Electoral Roll Officer	2
Eucharistic ministers	23
Flower arrangers	47
Guides	21
Honorary Minor Canons	23
Honorary vergers	8
Intercessors and readers	56
Office volunteers	12
Servers	37
Shop volunteers	10
Stewards	47
Recorder	1
ROBES project volunteers	38
Sunday coffee	20
Sunday School	23
Volunteer co-ordinator	1
Wardens and Deputy Wardens	4
Welcomers	42
Wholeness and Healing	7

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 2014, the electoral roll stood at 474. Between then and the end of the year a further 29 names had been added to the roll bringing the total to 503 in December 2014.

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 grows and changes daily. As old buildings are renovated for residential use and new luxury flats and student accommodation blocks spring up in unlikely places, and with the new retail outlets catering mainly for commuting office-workers, those who have made their homes here continue to experience not just the impact of constant building work but increasing pressure on schools and medical services.

People living in the parish are entitled to use the Cathedral as their parish church for baptisms, weddings and funerals. The Cathedral is active in assisting the community to respond to and benefit from its changing environment. The Cathedral participates in discussions with Southwark Council for local improvement initiatives. The Cathedral is represented on the Bankside Residents' Forum Executive and is a partner in the Better Bankside Business Improvement District. The Cathedral hosts an annual service for local businesses at which the Cathedral Christmas Tree is lit.

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey. St Hugh's comes under the pastoral supervision of the Canon Pastor, assisted by the Revd Linda Scott-Garnett as honorary curate, and two Readers. At the end of December we said farewell to the Revd Jessie Anand as part-time assistant priest and a much-loved member of the team. Becky Hardie joined the team as part-time Youth Minister for St Hugh's and the Cathedral in September. St Hugh's continues to flourish and develop in its exciting new building.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) with the Canon Pastor and several members of the congregation serving as Governors. Marion Marples, the Cathedral Pastoral Auxiliary, continued to build important bridges between local organizations for the benefit of local people, notably in Lucy Brown House, the sheltered housing complex near the Cathedral. The Cathedral congregation again provided a large team of volunteers through the winter for the ROBES ecumenical project which provides shelter for homeless people as well as hosting the extremely successful fundraising Sleep-out in November.

The Cathedral Education Centre welcomes more than 9,000 children a year mainly from schools in inner London. Our Education Officer and a growing team of trained volunteers offer the Cathedral as a vital educational resource in support of a wide range of curriculum areas.

In addition to the extensive work we also do with children and young people from our own congregations, there are opportunities for adults to continue learning and growing: a monthly Bible study; regular courses on a variety of aspects of faith and Christian practice; and fifteen 'Interest & Action Groups' offering opportunities for involvement in a further range of practical projects – from Feminist Theology to Zimbabwe. During the year a number of *Living God* events have taken place, helping the congregation re-engage with questions of faith, spirituality and discipleship.

The Cathedral also offers 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.

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

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 2014 the sum donated was £23,676 (£25,525 in 2013).

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 2014, these included a Funeral Service for Polly Hope, widow to Theodore Hope, the architect of Shakespeare's Globe, memorial services for Thomas Young, formerly of Young's Brewery, Michael Cox, past Master of the Worshipful Company of Vintners, John Taylor, renal consultant at Guy's Hospital and Jonathan Peck, former chairman of the Killgerm group and a member of the Chartered Institute of Environmental Health.

Special services which took place included the Service of Commemoration for The Princess of Wales' Royal Regiment "Operation TELIC" 10th anniversary to mark cessation of activities in Afghanistan and Iraq; the quincentenary of The Worshipful Company of Innholders; the 120th anniversary service for Welcare and the 5th anniversary of Demelza Hospice Care's work at their hospice in Eltham. 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.

A number of large-scale events took place in 2014. The Annual Limbrough Lecture for The Worshipful Company of Weavers was delivered by the Dean of Southwark and the King's College, London alumni lecture was given by Lord Harries of Pentregarth. The St Thomas' Foundation Schools held their stallholders day in the nave and we hosted the London Borough of Southwark's Civic Awards Ceremony and Mayor-Making. As part of the City of London Festival, a concert for three choirs – the girls of Guildford, St Albans and Southwark Cathedrals took place in July. In October The Campaign for Wool Interiors Collection, a public showcase week to promote the varied use of wool in interior design to undergraduate designers and interior designers took place in a marquee in the Millennium Courtyard and the Queen Elizabeth Room with some pieces also on display in the Cathedral, including a carpet for the nave centre aisle. In July, the nave was cleared of chairs so that we could host the first night party for the West End production of *Shakespeare in Love*. In October, Cantata Dramatica brought a production of *Perpetua*, with music by Nick Bicât and libretto by Nick Pitts-Tucker, to the Cathedral conducted by Peter Wright.

Smaller events such as book talks included one of our Honorary Canons, Alan Wilkinson, talking about the second print of his book entitled *The Church of England and The First World War* and the Poet in the City organisation booked the Cathedral for an evening entitled *Chaucer: Modern Echoes*. The annual rendition from Rick Jones and Arthur Smith to mark William Shakespeare's birthday took place in the nave.

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 2014 including from the United States, Germany, Norway, Japan, Belgium, Australia and Swaziland.

The number of evening concerts held in the Cathedral continues to grow and we chose to employ a part-time additional verger to assist with the stage management of this work which requires considerable moving of furniture and staging. The Crouch End Festival Chorus, The Royal British Legion Band, The London Dockland Singers, Wimbledon Choral Society, The City of London Sinfonia, and All Saints 1885 all held concerts here together with rather less traditional formats including a concert to celebrate Azerbaijani culture, the 2nd BUTA Festival of Azerbaijani Arts 'Mugham Night' and a gathering for choirs from law firms under the auspices of Legal Harmony, and a glee club from Winckworth Sherwood. London Concertante, a small ensemble of nine string players, held concerts at the Cathedral on four occasions during the year.

Schools in the Diocese and surrounding areas continue to come to the Cathedral to mark special commemorative dates in their calendar year. Many of these have been coming to us now for more than 15 years and include The Cathedral School, St Olave's Girls School, St Saviour's and St Olave's Boys School, St Dunstan's College, Bacon's College Service, Trinity Lewisham, St Cecilia's Wandsworth and ARK All Saints Academy Camberwell. Many schools also use the Cathedral for their concerts including Dulwich College Preparatory School, Dulwich College and Bromley High School.

December was, once again, exceptional. We began as usual with the Advent Procession followed by more than thirty carol services and concerts for local schools and organisations within a space of the next 20 days. We also welcomed two new groups to the Cathedral: the Feed The Minds 50th anniversary carol concert and a film launch brought to us by LUMO and Big Book Media, supported by The American Bible Society. This was a filmed account of the Gospels, shot entirely on location in Morocco. It was St John's Gospel that was viewed at Southwark for a short period followed by questions and answers and a talk on the LUMO project. Two extremely popular services of Nine Lessons and Carols just before Christmas rounded off a very busy period in which we welcomed many thousands of people to the Cathedral for acts of worship.

Major works to the fabric

The total value of major works to the Cathedral in 2014 amounted to £396,824 (£409,093 in 2013). The major items of work consisted of the completion of the re-roofing the south nave aisle, north choir aisle, Harvard Chapel and north transept, and works to re-roof the south slope of the nave roof and repair the gutters at all levels on the nave, replacing damaged asphalt with new lead coverings. Grants from Southwark Cathedral Development Trust covered the costs of these works.

The final stage of works in connection with the Cathedral heating system were completed in early 2014 with the installation of new heating for the Education Centre and Shop. A further grant of £28,849 from the Rectory Trustees (in addition to £61,152 received in 2013) enabled this work to go ahead.

A significant element of the Chapter's expenditure in 2014 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 £449,534 plus £396,824 expenditure on major works (total of £846,358), very slightly lower than the cost in 2013 of £447,778 plus £409,093 expenditure on major works (total of £856,871).

The Friends of Southwark Cathedral

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. This was further enhanced by Saturday talks and the Friends' Festival at which a team from Network Rail spoke of the archaeological work linked to the local rail project. This proved very popular and encouraged a number of new people to join the Friends.

The Dean kindly invited us to his home at The Deanery on Bankside to enjoy refreshments during our visits to the Globe. The Christmas Soirée at The Deanery immediately before Christmas was delightful and this has now become a popular and regular event in the Friends calendar. For the first time the annual book sale was held in front of The Deanery. With some enhancements we hope this will become the regular home for the sale each summer.

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.

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. Suggestions for other projects for the Friends

to support were welcomed. The newsletters have included articles from Alice Willington about various projects. £5,100 was received in donations from individual members of the Friends towards the Bells Appeal.

At the AGM it was proposed to move the Friends from a charity to become a Charitable Incorporated Organisation. On 11th October an Extraordinary General Meeting adopted the new constitution with the new entity being established from 1st January 2015.

Diocesan and extra-Cathedral activities of the Dean and Canons

The Very Revd Andrew Nunn (Dean)

The Dean is a member of the General Synod and 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 the Vice-Chair of the governing body of St Saviour's and St Olave's School for Girls in Southwark. He is also Chaplain to the Worshipful Company of Launderers, 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)

As Canon Chancellor, Canon Ford serves as a member of the Bishop's Staff Meeting, with 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. In this role she visits churches and deaneries, both to preach and to encourage engagement in further development and learning. She expects to make a contribution to the development of learning within the cathedral community and its engagement in public theology. Canon Ford is Chair of the Fabric Advisory Committee of Leicester Cathedral and a member of the team of facilitators who work with the Archbishops 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 is currently leading the roll-out of Mission Action Planning in the Diocese. He is also responsible for the oversight of ministry with children and young people. He is a member of the Strategy for Ministry Implementation Group, the Diocesan Training Group, Ministry and Training Committee, and is the Executive Officer for the Parish Development and Church Growth Group and the Mission Network. 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 trustee of Just Earth Kenya, a small charity working in the Diocese of Maseno North in western Kenya to support prosperity in the farming community there, soon to expand to other communities. He is convener of the newly-formed Cathedrals and Growth Network. He is presently editing a book on forgiveness for Jessica Kingsley Publishers.

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 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.

Financial Review

The financial situation

The financial position of the Cathedral is the subject of continuing discussion and review by the Chapter, Finance Committee and Board of Southwark Cathedral Enterprises Limited. The day-to-day operations of the Cathedral generate a surplus of income over expenditure which is encouraging but the Chapter still has to factor in the cost of servicing some of the outstanding debts to the Diocesan Board of Finance arising out of previous property projects, and this presents a significant challenge to the ongoing work of the Cathedral. There has been a steady decline in the level of the Chapter's indebtedness in the past four years and the current expectation is to have repaid all outstanding debts by 2018. When completed, this should free up resources to enable the Chapter to undertake new areas of work and ministry.

In 2014, there was a net increase in unrestricted funds of £337,621 compared with an increase of £179,289 in 2013 (see the Consolidated Statement of Financial Activities on page 25). This is largely attributable to a second tranche payment from the estate of the late Joan Bernard and much better than expected results from Southwark Cathedral Enterprises resulting in gift-aided profits of nearly £55,000 above expectations. It should be noted that £150,000 of the increase in unrestricted funds is due to a revaluation of All Hallows Hall. This formed part of a revaluation of all Cathedral properties during 2014. Prior to this, we have been carrying forward valuations from 1996 and 1999 in our accounts but the opportunity arose to bring up-to-date valuations onto our balance sheet. The unrealised gain on our functional property was £11,826,907 which led to an overall increase in funds of £12,052,460 during 2014.

There was a surplus on unrestricted funds on normal activities of £201,527 compared to a surplus in 2013 of £168,737. This is very much 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 years. It is the intention of the Chapter to set aside a significant proportion of that reserve for ongoing maintenance and investment in our property portfolio (see below).

The improving economic climate has also translated into improved trading income and a small increase in stewardship giving from the congregation during the past year. The Chapter is enormously grateful for this financial commitment by the congregation which is so important in delivering a regular income to enable us to budget carefully and plan ahead.

Reserves policy

The Chapter has a policy of building up general fund reserves equal to six months' operational expenses. Based on 2014 figures, this would need to be almost £750,000. However, during 2014, 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 long-term 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 £135,000 to the designated Property Fund at the end of 2014.

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

Summary of results

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £236,762 in 2014 compared with £226,694 in 2013. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £60,848 across all forms of giving in 2014 (£56,091 in 2013). A grant of £81,332 was received from the Church Commissioners in 2014 (£68,898 in 2013) 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 £104,624 (£120,730 in 2013). In 2014 the grant element that would have been paid for the Sub Dean was transferred to pay for lay salaries during the vacancy prior to the new Sub Dean's appointment.

Income from charges and fees increased in 2014 to £227,340 compared to £218,862 in 2013. 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.

Investment performance

In 2012, it was decided to move the majority of the Choirs Endowment Fund from deposit accounts held with CCLA to income-generating funds invested through Hargreaves Lansdown, the aim being to generate a more substantial income to offset the cost of the Cathedral's music. 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 £564,923 at 31st December 2013 to £575,968 at 31st December 2014. In addition, £23,294 of income was generated from the fund and applied to the cost of the music (£19,233 in 2013).

In 2014, three small property funds that had been managed on our behalf by the Southwark Diocesan Board of Finance were transferred to the Chapter and invested through Hargreaves Lansdown as a new Property Endowment Fund. At 31st December 2014 the value of these investments stood at £9,470.

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. With the recent increase in the value of our investments, the Chapter hopes to set up an Investment Advisory Group to assist the Finance Committee in the management of investments within the Chapter's ethical investment policy.

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 2009. A new Quinquennial Inspection Report is due early 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.

	2015	2016	2017	2018	2019
	£'000	£'000	£'000	£'000	£'000
Routine maintenance	68	69	70	72	74
Crossing platform	0	0	0	240	0
Bells rehangng and ringing chamber	0	50	100	0	0
Nave floor and DDA improvement	5	0	0	1100	0
Conservation of monuments	15	20	10	20	15
Interior lighting, Electrical & sound	20	20	20	520	20
External lighting	0	500	0	0	0
Choir roof and east end masonry repairs	0	0	0	0	800
South churchyard re-landscaping	15	20	750	0	0
Signage and wayfinding	0	0	350	0	0
Conservation housekeeping and salvage strategy	12	7	5	5	5
Health & Safety	26	30	26	26	30
Total	161	716	1,331	1,983	944

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 25 and detailed in note 5 to the accounts on page 32.

2014 continued the upward trend in company profits which began in 2013 with a substantial increase in turnover from our conference and events business reflecting the wider improvement in the UK economy.

Turnover for 2014 was £644,167 which is 17% up on 2013 (£550,169). This enabled the company to make a gift-aided donation of their profits of £255,767 (up from £193,543 in 2013) 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 2014. In March 2014, a new conference salesperson, Chris Crentsil was recruited and this has had a significant impact on our ability to win business. Having three people in the team, headed by Rose Harding, Development Director, has made a huge difference and meant that we can now capture every phone and email enquiry and convert many more of them into firm bookings. Both the range and number of conference bookers increased substantially with a consequential increase in income. Helen Caruth has continued in her role as Conference Co-ordinator and has been able to focus on delivering an excellent customer experience for conference delegates.

Special events business also had a very successful year with two highlights being the first-night party after the West End opening of the play Shakespeare in Love in July and the Campaign for Wool's Wool Week in October. These and many other events throughout the year helped to bring in over £100,000 in income. Overall, conferences and events delivered £149,851 in profit compared to a budget of £92,431. Turnover increased by 34% and profit by 52% on the figures achieved in 2013.

Shop

The shop had another successful year, too, delivering an increased profit of £11,382 compared to £6,580 in 2013. This is the best result for 8 years. 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 and Jon has proved to be very adept at thinking up new lines that tie in with uniquely Southwark features. Turnover in 2014 was £178,997, down very slightly on 2013 (£179,205).

Refectory

Catering in the Refectory is provided by Elior UK under a contract that runs until 2019. The general manager, Edson de Oliviera, and his team have delivered consistently high-quality food and service during the year, notably for our special events. The kiosk in the churchyard is open on a regular basis but it has not so far been possible to find the right catering offer to attract consistent trade while trying to be distinctive from the many food outlets in Borough Market. The results for the branch as a whole were, for the second year running, good enough to deliver 18% 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 £89,089 which Elior UK delivered to the company in the form of concession rent, it should be borne in mind that the Refectory is a business with a turnover of nearly £750,000 in 2014 providing employment for eight full-time and two part-time staff from a wide variety of backgrounds plus many additional casual staff brought in for special events.

Tourism

The number of tourists and the amount of income generated by tours remained steady in 2014 when compared to the previous year. The post-Olympic effect continues to encourage larger numbers of tourists in London and consequently visitors to the Cathedral.

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.

As noted earlier, Derek Bartlett retired as Chair of the Board in 2014 after serving for 12 years as a director and six as Chairman. Barbara Lane was elected the new Chair at the AGM in May.

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 2014 which appears in Note 17 'Restricted Funds' on page 39:

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.

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 plan to undertake 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 out of indebtedness in respect of the Millennium Project and repairs to the fabric. Progress has been made in repaying some of the amounts due but 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

Report from the Fabric Advisory Committee

The FAC met four times during 2014 under the chairmanship of the Revd Canon Charles Pickstone. Alfred Fisher retired from the Committee in June and a replacement has not yet been appointed. A presentation and lunch were held for him prior to the November Meeting of the Committee.

The only formal applications made by the Chapter to the FAC were for the on-going work to the roofs, funding for which has been successfully obtained from the First World War Cathedrals Project. The FAC noted progress with other minor works, such as the refurbishment of the vestry kitchen and toilets and the updating of the Bishops', Deans' and Sub Dean's Boards.

No progress was made with two other items, the Rider memorial and a stained glass window to commemorate the marriage of King James I of Scotland and Joan Beaufort. These have been deferred pending the development of an Arts and Commissioning Policy by the Chapter. The FAC is supporting the Chapter in this task, and a meeting between them is due to be held in March 2015.

The FAC has been involved in the proposals by Cathedral Conservator for the conservation of the monuments within the Cathedral and is being consulted on individual items. A complete Inventory of Cathedral artefacts has now been prepared.

The FAC has been awaiting new signage plans for the Cathedral and the outcome of various proposals and experiments in managing the flows of people for differing purposes through the building. The public realm around the Cathedral remains a matter of serious concern to the FAC and proposals need to be developed to reduce the wear and tear on the churchyard, notably around the Mohegan memorial. The FAC has been advised of plans for improved external lighting to the Cathedral, and of the proposals to rehang the bells. Details of these projects have yet to be considered.

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 2014 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 2014 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

25 March 2015

Devonshire House
60 Goswell Road
London
EC1M 7AD

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 31st December 2014

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
		£	£	£	£	£
Incoming Resources	2					
(i) Voluntary income		600,714	507,651	-	1,108,365	1,074,933
(ii) Grants receivable		9,898	219,950	-	229,848	212,727
(iii) Charges and fees arising in course of mission		234,184	10,383	-	244,567	218,682
(iv) Income from activities generating funds		644,167	-	-	644,167	550,169
(v) Income from property and investments		118,797	23,294	-	142,091	134,867
(vi) Other income		21,201	-	-	21,201	62,538
Total Incoming Resources		<u>1,628,961</u>	<u>761,278</u>	<u>-</u>	<u>2,390,239</u>	<u>2,253,916</u>
Costs of generating funds	3	<u>(481,994)</u>	<u>(44,161)</u>	<u>-</u>	<u>(526,155)</u>	<u>(464,337)</u>
Net Incoming Resources available for Mission		<u>1,146,967</u>	<u>717,117</u>	<u>-</u>	<u>1,864,084</u>	<u>1,789,579</u>
Expenditure on mission	4					
(i) Ministry		383,587	170,630	-	554,217	533,657
(ii) Cathedral and precincts upkeep		418,738	427,619	-	846,357	856,871
(iii) Education and outreach		55,712	82,439	-	138,151	118,166
(iv) Community, parish and congregation		36,465	1,992	-	38,457	34,486
(v) Other expenditure		26,431	14,890	-	41,321	44,910
Total resources expended on mission		<u>920,933</u>	<u>697,570</u>	<u>-</u>	<u>1,618,503</u>	<u>1,588,090</u>
Governance costs		<u>24,507</u>	<u>7,481</u>	<u>-</u>	<u>31,988</u>	<u>32,752</u>
Total expenditure on generating funds, mission and governance		<u>1,427,434</u>	<u>749,212</u>	<u>-</u>	<u>2,176,646</u>	<u>2,085,179</u>
Net Incoming resources		<u>201,527</u>	<u>12,066</u>	<u>-</u>	<u>213,593</u>	<u>168,737</u>
Other gains & unrealised investment gains	6, 7					
Unrealised gain on property		150,000	-	11,676,907	11,826,907	-
Unrealised investments gain		-	826	11,134	11,960	69,417
Net movement in funds before transfers		<u>150,000</u>	<u>826</u>	<u>11,688,041</u>	<u>11,838,867</u>	<u>69,417</u>
Gross transfer between funds	17	<u>(13,906)</u>	<u>13,906</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movements in funds		<u>337,621</u>	<u>26,798</u>	<u>11,688,041</u>	<u>12,052,460</u>	<u>238,154</u>
Funds brought forward		<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</u>	<u>4,816,325</u>
Total Funds Carried Forward		<u>884,940</u>	<u>(622,458)</u>	<u>16,844,457</u>	<u>17,106,939</u>	<u>5,054,479</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 31st December 2014

	Note	Unrestricted	Restricted	Endowment	Total Funds 2014 £	Total Funds 2013 £
Fixed Assets						
Investment assets	6	700,000	16,331	579,518	1,295,849	1,133,889
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	3,573,093
Equipment and plant	8	125,180	-	-	125,180	110,270
		<u>825,180</u>	<u>16,331</u>	<u>15,829,518</u>	<u>16,671,029</u>	<u>4,817,252</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		28,657	-	-	28,657	38,844
Deposits and cash		442,395	85,674	-	528,069	360,423
Debtors	9	218,772	6,499	-	225,271	305,560
		<u>689,824</u>	<u>92,173</u>	<u>-</u>	<u>781,997</u>	<u>704,827</u>
Liabilities due within one year						
Creditors	10	<u>(216,912)</u>	<u>(49,175)</u>	<u>-</u>	<u>(266,087)</u>	<u>(327,600)</u>
Net Current Assets		<u>472,912</u>	<u>42,998</u>	<u>-</u>	<u>515,910</u>	<u>377,227</u>
Total Assets less Current Liabilities		1,298,092	59,329	15,829,518	17,186,939	5,194,479
Liabilities due after one year						
Inter-fund loan		<u>(413,152)</u>	<u>(601,787)</u>	1,014,939	-	-
Loans	11	<u>-</u>	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>	<u>(140,000)</u>
Net Assets		<u><u>884,940</u></u>	<u><u>(622,458)</u></u>	<u><u>16,844,457</u></u>	<u><u>17,106,939</u></u>	<u><u>5,054,479</u></u>
Representing:						
Funds	16-18					
General Fund		307,343	-	-	307,343	253,903
Choir Funds		-	62,784	575,968	638,752	616,316
Pastoral & Parochial Account		-	8,283	-	8,283	22,643
Millennium Project		-	<u>(701,915)</u>	-	<u>(701,915)</u>	<u>(701,915)</u>
Buildings Fund		-	-	15,250,000	15,250,000	3,643,093
Capital Account		-	-	481,785	481,785	481,785
Property Fund		567,459	8,390	536,704	1,112,553	741,638
Southwark Cathedral Enterprises		10,138	-	-	10,138	10,957
Centenary Chair Appeal Fund		-	-	-	-	<u>(13,941)</u>
		<u>884,940</u>	<u>(622,458)</u>	<u>16,844,457</u>	<u>17,106,939</u>	<u>5,054,479</u>

Southwark Cathedral

Cathedral Balance Sheet as at 31st December 2014

	Note	Unrestricted	Restricted	Endowment	Total Funds 2014 £	Total Funds 2013 £
Fixed Assets						
Investment assets	6	700,000	16,331	579,518	1,295,849	1,133,889
Subsidiary undertaking	5	110,138	-	-	110,138	110,957
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	3,573,093
Equipment and plant	8	116,618	-	-	116,618	99,567
		<u>926,756</u>	<u>16,331</u>	<u>15,829,518</u>	<u>16,772,605</u>	<u>4,917,506</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		-	-	-	-	-
Deposits and cash		329,649	85,674	-	415,323	288,220
Debtors	9	165,440	6,499	-	171,939	228,612
		<u>495,089</u>	<u>92,173</u>	<u>-</u>	<u>587,262</u>	<u>516,832</u>
Liabilities due within one year						
Creditors	10	(123,753)	(49,175)	-	(172,928)	(239,859)
Net Current Assets		<u>371,336</u>	<u>42,998</u>	<u>-</u>	<u>414,334</u>	<u>276,973</u>
Total Assets less Current Liabilities		1,298,092	59,329	15,829,518	17,186,939	5,194,479
Liabilities due after one year						
Inter-fund loan		(413,152)	(601,787)	1,014,939	-	-
Loans	11	-	(80,000)	-	(80,000)	(140,000)
Net Assets		<u>884,940</u>	<u>(622,458)</u>	<u>16,844,457</u>	<u>17,106,939</u>	<u>5,054,479</u>
Representing:						
Funds						
	16-18					
General Fund		307,343	-	-	307,343	253,903
Choir Funds		-	62,784	575,968	638,752	616,316
Pastoral & Parochial Account		-	8,283	-	8,283	22,643
Millennium Project		-	(701,915)	-	(701,915)	(701,915)
Buildings Fund		-	-	15,250,000	15,250,000	3,643,093
Capital Account		-	-	481,785	481,785	481,785
Property Fund		567,459	8,390	536,704	1,112,553	741,638
Southwark Cathedral Enterprises		10,138	-	-	10,138	10,957
Centenary Chair Appeal Fund		-	-	-	-	(13,941)
		<u>884,940</u>	<u>(622,458)</u>	<u>16,844,457</u>	<u>17,106,939</u>	<u>5,054,479</u>

Approved by the Chapter and authorised for issue on

25 March 2015



Andrew Nunn

Dean

Southwark Cathedral

Notes to the Consolidated Financial Statements

I Accounting Policies

Basis of preparation of the consolidated financial statements

The financial statements are prepared under the historical cost convention, modified to include the valuation of certain fixed assets, and in accordance with applicable accounting standards and the guidelines on Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners. The Accounting and Reporting Regulations were revised with effect from December 2006 in order to conform to the recommendations of the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission in March 2005.

Group financial statements

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

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

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

Legacies and Donations

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

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

Grants Receivable

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

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

Resources Expended

Expenditure is recognised on an accruals basis as a liability is incurred. Costs of generating funds comprises the costs associated with fundraising and trading. Charitable expenditure comprises those costs incurred by the Cathedral in the delivery of its mission. Governance costs included those costs associated with meeting the constitutional statutory requirements of the Cathedral. 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.

Non-investment Property

Properties owned by the Cathedral 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 and the revaluation gain was included in the Statement of Financial Activities.

Investments

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

Stocks

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

Funds

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

Endowment Funds

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

Restricted Funds

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

Unrestricted Funds

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

Designated Funds

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

Pension Scheme Arrangements

Defined contribution

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

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 Incoming Resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£	£	£	£	£
(i) Voluntary income					
Congregational collections and giving	277,730	49,495	-	327,225	303,123
Donations and fundraising appeals	121,100	42,518	-	163,618	151,454
Tax recoverable under Gift Aid	56,678	4,170	-	60,848	56,091
Income from Friends and local trusts	97,148	411,468	-	508,616	427,866
Legacies	48,058	-	-	48,058	136,399
	600,714	507,651	-	1,108,365	1,074,933
(ii) Grants receivable					
Church Commissioners	-	185,956	-	185,956	189,628
Other revenue and capital grants	9,898	33,994	-	43,892	23,099
	9,898	219,950	-	229,848	212,727
(iii) Charges and fees arising in the course of mission					
Facility and other fees	234,184	10,383	-	244,567	218,682
(iv) Income from activities generating funds					
Gross income of shop, refectory and other activities	644,167	-	-	644,167	550,169
(v) Income from property and investments					
Property	118,123	-	-	118,123	114,895
Investments	620	23,294	-	23,914	19,880
Interest receivable on short term deposits	54	-	-	54	92
	118,797	23,294	-	142,091	134,867
(vi) Other income					
Insurance and other recoveries	1,934	-	-	1,934	38,646
Other items	19,267	-	-	19,267	23,892
	21,201	-	-	21,201	62,538
Total	1,628,961	761,278	-	2,390,239	2,253,916

3 Costs of Generating Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
Costs of facilities for visitors	70,047	5,975	-	76,022	74,361
Gross costs of shop, refectory and other activities	389,219	-	-	389,219	357,155
Costs of appeals and fund raising	1,354	13,351	-	14,705	2,526
Let property costs	21,375	24,835	-	46,210	30,295
	<u>481,994</u>	<u>44,161</u>	<u>-</u>	<u>526,155</u>	<u>464,337</u>

4 Expenditure on Mission

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2014 £	Total Funds 2013 £
(i) Ministry					
Clergy stipends and working expenses	40,353	108,608	-	148,961	163,985
Clergy housing costs	87,094	-	-	87,094	68,815
Clergy support costs	59,564	11,614	-	71,178	69,492
Services, music and congregational costs	196,575	50,408	-	246,983	231,365
	<u>383,587</u>	<u>170,630</u>	<u>-</u>	<u>554,217</u>	<u>533,657</u>
(ii) Cathedral and precincts upkeep					
Major repairs and restoration	-	396,824	-	396,824	409,093
Vergers and interior upkeep	201,104	2,988	-	204,092	238,701
Cathedral insurance	40,291	-	-	40,291	38,280
Precincts, security and gardens upkeep	9,744	-	-	9,744	6,854
Support costs	167,599	27,807	-	195,406	163,943
	<u>418,738</u>	<u>427,619</u>	<u>-</u>	<u>846,357</u>	<u>856,871</u>
(iii) Education and outreach					
Educational activities	25,540	996	-	26,536	27,203
Charitable and other giving	30,172	81,443	-	111,615	90,963
	<u>55,712</u>	<u>82,439</u>	<u>-</u>	<u>138,151</u>	<u>118,166</u>
(iv) Community, parish and congregation	<u>36,465</u>	<u>1,992</u>	<u>-</u>	<u>38,457</u>	<u>34,486</u>
(v) Other expenditure					
Interest and similar charges payable	26,431	3,985	-	30,416	40,719
Other items	-	10,905	-	10,905	4,191
	<u>26,431</u>	<u>14,890</u>	<u>-</u>	<u>41,321</u>	<u>44,910</u>
(vi) Governance					
Legal Costs	366	-	-	366	3,385
Audit Costs	11,251	-	-	11,251	12,027
Others	12,890	7,481	-	20,371	17,340
	<u>24,507</u>	<u>7,481</u>	<u>-</u>	<u>31,988</u>	<u>32,752</u>
Total	<u>945,440</u>	<u>705,051</u>	<u>-</u>	<u>1,650,491</u>	<u>1,620,843</u>

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:

	2014 £	2013 £
Turnover	644,167	550,169
Cost of sales	<u>(130,078)</u>	<u>(118,979)</u>
Gross Profit	514,089	431,190
Other Operating Costs	(259,141)	(238,176)
Profit transferred to the Cathedral	<u>(255,767)</u>	<u>(193,543)</u>
Retained loss for the year	(819)	(529)
Accumulated profit brought forward	10,957	11,486
Accumulated profit carried forward	<u>10,138</u>	<u>10,957</u>
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>110,138</u></u>	<u><u>110,957</u></u>

Advantage is taken of the FRS8 exemption 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 2014	550,000	15,505	568,384	1,133,889
Additions	-	-	9,376	9,376
Disposals	-	-	(9,376)	(9,376)
Net Increase on revaluation	<u>150,000</u>	<u>826</u>	<u>11,134</u>	<u>161,960</u>
Market value at 31st December 2014	<u><u>700,000</u></u>	<u><u>16,331</u></u>	<u><u>579,518</u></u>	<u><u>1,295,849</u></u>
CBF Investment Fund shares	-	16,331	92,692	109,023
Hargreaves Lansdown portfolio	-	-	486,826	486,826
Investment property at All Hallows	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>700,000</u>
	<u><u>700,000</u></u>	<u><u>16,331</u></u>	<u><u>579,518</u></u>	<u><u>1,295,849</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2014	-	-	3,573,093	3,573,093
Revaluation	-	-	11,676,907	11,676,907
At 31st December 2014	-	-	15,250,000	15,250,000

Endowment Funds	Total Funds
£	£

Non-investment properties are held and used as follows:

At 1st January 2014		
for Cathedral office facilities	2,500,000	2,500,000
for Cathedral clergy and staff housing	12,750,000	12,750,000
	<u>15,250,000</u>	<u>15,250,000</u>

Non-investment property comprises:

	2014	2013
	£	£
The Deanery, 50/51 Bankside, SE1	3,750,000	850,000
52 Bankside, SE1	1,500,000	375,000
Montague Chambers, Montague Close, SE1	2,500,000	983,093
All Hallows' Vicarage, 2 Copperfield Street, SE1	2,250,000	550,000
St. Paul's Vicarage, 54 Kipling Street, SE1	2,650,000	385,000
73 St. George's Road, SE1	1,100,000	180,000
7 Temple West Mews, SE1	1,500,000	250,000
	<u>15,250,000</u>	<u>3,573,093</u>

During the year, 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. In the opinion of the Chapter, the value has not materially changed between the valuation date and the year end date.

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

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

In addition to the above, the Chapter owns and administers the following freehold properties which are not valued in the financial statements: The Cathedral and Collegiate Church of St. Saviour & St. Mary Overie, together with the 1988 Chapter House and Millennium Buildings which are considered to be inalienable assets and are held for the continuing use and mission of the Cathedral. 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 2014	82,657	153,358	374,851	610,866
Additions	-	-	86,315	86,315
At 31st December 2014	<u>82,657</u>	<u>153,358</u>	<u>461,166</u>	<u>697,181</u>
Depreciation				
At 1st January 2014	82,657	153,358	264,582	500,597
Charge for the year	-	-	71,405	71,405
At 31st December 2014	<u>82,657</u>	<u>153,358</u>	<u>335,987</u>	<u>572,002</u>
Net Book Value				
At 31st December 2014	<u>-</u>	<u>-</u>	<u>125,179</u>	<u>125,179</u>
At 31st December 2013	<u>-</u>	<u>-</u>	<u>110,270</u>	<u>110,270</u>
Cathedral				
Cost				
At 1st January 2014	73,759	153,358	293,333	520,450
Additions	-	-	86,315	86,315
At 31st December 2014	<u>73,759</u>	<u>153,358</u>	<u>379,648</u>	<u>606,765</u>
Depreciation				
At 1st January 2014	73,759	153,358	193,766	420,883
Charge for the year	-	-	69,264	69,264
At 31st December 2014	<u>73,759</u>	<u>153,358</u>	<u>263,030</u>	<u>490,147</u>
Net Book Value				
At 31st December 2014	<u>-</u>	<u>-</u>	<u>116,618</u>	<u>116,618</u>
At 31st December 2013	<u>-</u>	<u>-</u>	<u>99,567</u>	<u>99,567</u>

9 Debtors

	Group		Cathedral	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors and users of facilities	170,226	169,647	70,308	52,969
Amounts owed by group undertaking	-	-	46,586	39,730
Other debtors and prepayments	55,045	135,913	55,045	135,913
	<u>225,271</u>	<u>305,560</u>	<u>171,939</u>	<u>228,612</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2014	2013	2014	2013
	£	£	£	£
Tax and social security costs	16,078	16,369	16,078	16,369
Other creditors and accruals	220,009	311,231	126,850	223,490
	<u>236,087</u>	<u>327,600</u>	<u>142,928</u>	<u>239,859</u>

11 Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2014	2013	2014	2013
	£	£	£	£
South London Church Fund and Southwark Diocesan Board of Finance	80,000	140,000	80,000	140,000
	<u>80,000</u>	<u>140,000</u>	<u>80,000</u>	<u>140,000</u>
These loans are repayable as shown below:	2014	2013	2014	2013
	£	£	£	£
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	-	140,000	-	140,000
	<u>110,000</u>	<u>140,000</u>	<u>110,000</u>	<u>140,000</u>

There is one loan from the Southwark Diocesan Board of Finance and South London Church Fund, charged at a rate of interest of 3.50% over bank base rate, to finance the costs of the redevelopment project for the All Hallows site. This was drawn down in 2004 and is repayable over seven years beginning in 2012.

12 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2013 - £Nil).

In 2014, one employee received remuneration in the £60,000 to £69,999 band (2013 – none in excess of £60,000). Pension contributions in respect of this employee were £3,043 (2013 – £2,972).

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

	2014	2014	2013	2013
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	1
Administrative staff	5	1	5	1
Music department	2	8	2	8
Vergers department	4	1	4	-
Works department	1	4	1	4
Visitors	1	-	1	-
Subsidiary undertaking	4	2	3	2
	<u>20</u>	<u>17</u>	<u>19</u>	<u>16</u>

	2014	2013
	£	£
Employee costs for the year		
Salaries and stipends	569,112	535,162
Employer's national insurance costs	49,711	47,821
Employer's pension contributions	19,813	20,707
	<u>638,636</u>	<u>603,690</u>

Emoluments of Chapter members

Dean	33,615	32,957
Sub Dean	15,196	27,425
Canon Residentiary	26,333	25,925
Comptroller	61,097	59,519
	<u>136,241</u>	<u>145,826</u>

Expenses of ex-officio Chapter members

Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	651	688
Travel	1,220	579
Hospitality	16,525	11,108
Other	1,910	1,430
	<u>20,306</u>	<u>13,805</u>

13 Pensions

The pension scheme recommended to employees is the Cathedral's Church of England Defined Contributions Scheme set up with The Church of England Pensions Board under which the Cathedral contributes up to a matching 5% of the member's basic salary. The total charge included in these accounts, including Clergy, is £43,144 (2013 - £47,728).

14 Auditors' Remuneration

	2014	2013
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,000	15,000
- Non audit services	1,000	1,000
	<u>16,000</u>	<u>16,000</u>

15 Commitments under Operating Leases

At 31st December 2014 the Chapter was committed to making the following payments under non-cancellable operating leases on office equipment in the year to 31st December 2015:

	2014	2013
	£	£
Expiring within one year	297	-
Expiring between one and two years	-	-
Expiring between two and five years	13,431	13,728
	<u>13,728</u>	<u>13,728</u>

16 Unrestricted Funds

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

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
Incoming Resources				
Voluntary income	600,714	-	-	600,714
Grants receivable	9,898	-	-	9,898
Charges and fees arising in course of mission	234,184	-	-	234,184
Income from activities generating funds	-	644,167	-	644,167
Income from property and investments	118,797	-	-	118,797
Other income	21,201	-	-	21,201
Total incoming resources	<u>984,794</u>	<u>644,167</u>	<u>-</u>	<u>1,628,961</u>
Cost of generating funds				
Cost of appeals, fundraising and income generation	(92,775)	(389,219)	-	(481,994)
Net incoming resources	<u>892,019</u>	<u>254,948</u>	<u>-</u>	<u>1,146,967</u>
Expenditure on mission				
Ministry	383,587	-	-	383,587
Cathedral and precincts upkeep	418,738	-	-	418,738
Education and outreach	55,712	-	-	55,712
Community, parish and congregation	36,465	-	-	36,465
Other expenditure	26,431	-	-	26,431
Total Resources Expended on mission	<u>920,933</u>	<u>-</u>	<u>-</u>	<u>920,933</u>
Governance Costs	24,507	-	-	24,507
<i>Total Expenditure on generating funds, mission and governance</i>	1,038,215	389,219	-	1,427,434
Net Incoming/(Outgoing) Resources before Transfers	(53,421)	254,948	-	201,527
Other recognised gains/(losses)				
Investment property	-	-	150,000	150,000
Transfers between funds	106,861	(255,767)	135,000	(13,906)
Net Movement in Funds	53,440	(819)	285,000	337,621
Fund balances at 1st January 2014	<u>253,903</u>	<u>10,957</u>	<u>282,459</u>	<u>547,319</u>
Fund Balances at 31st December 2014	<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.

A transfer of £135,000 was made from the general fund to the unrestricted property fund at the year end in order to set aside money for urgent fabric works on the Cathedral's property portfolio. It is the Chapter's intention to make further transfers from the general fund for this purpose in subsequent years if sufficient funds are available.

17 Restricted Income Funds

	Choir Funds £	Other Restricted Income £	Property Fund £	Centenary Chairs Appeal £	Pastoral & Parochial Work Account £	Millennium Project Account £	Total £
Incoming Resources							
Voluntary income	15,608	96,257	395,786	-	-	-	507,651
Grants receivable	-	185,956	33,994	-	-	-	219,950
Charges and fees arising in course of mission	10,383	-	-	-	-	-	10,383
Income from activities generating funds	-	-	-	-	-	-	-
Income from property and investments	23,294	-	-	-	-	-	23,294
Other income	-	-	-	-	-	-	-
Total incoming resources	49,285	282,213	429,780	-	-	-	761,278
Cost of generating funds							
Cost of appeals, fundraising and income generation	(13,351)	(5,975)	(10,475)	-	(14,360)	-	(44,161)
Net incoming resources	35,934	276,238	419,305	-	(14,360)	-	717,117
Expenditure on mission							
Ministry	24,508	146,122	-	-	-	-	170,630
Cathedral and precincts upkeep	-	30,795	396,824	-	-	-	427,619
Education and outreach	-	82,439	-	-	-	-	82,439
Community, parish and congregation	-	1,992	-	-	-	-	1,992
Other expenditure	-	14,890	-	-	-	-	14,890
Total expenditure on mission	24,508	276,238	396,824	-	-	-	697,570
Governance Costs	-	-	7,481	-	-	-	7,481
<i>Total Expenditure on generating funds, mission and governance</i>	37,859	282,213	414,780	-	14,360	-	749,212
Net Incoming/(Outgoing) Resources before Transfers	11,426	-	15,000	-	(14,360)	-	12,066
Other recognised gains (losses)							
Non investments property	-	-	-	-	-	-	-
Unrealised investment gains/(losses)	-	-	826	-	-	-	826
Transfers between funds	(35)	-	-	13,941	-	-	13,906
Net Movement in Funds	11,391	-	15,826	13,941	(14,360)	-	26,798
Fund balances at 1st January 2014	51,393	-	(7,436)	(13,941)	22,643	(701,915)	(649,256)
Fund Balances at 31st December 2014	62,784	-	8,390	-	8,283	(701,915)	(622,458)

The Chapter has agreed to eliminate the deficit on the Centenary Chairs Appeal Fund by transferring the balance of £13,941 from General Unrestricted Funds.

18 Endowment Funds

	Buildings Fund £	Capital Account £	Property Fund £	Choir Endowment Fund £	Total £
Incoming Resources					
Voluntary income	-	-	-	-	-
Grants receivable	-	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-	-
Income from activities generating funds	-	-	-	-	-
Income from property and investments	-	-	-	-	-
Other income	-	-	-	-	-
Total incoming resources	-	-	-	-	-
Cost of generating funds	-	-	-	-	-
Net incoming resources available for mission	-	-	-	-	-
Expenditure on mission					
Ministry	-	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-	-
Education and outreach	-	-	-	-	-
Community, parish and congregation	-	-	-	-	-
Other expenditure	-	-	-	-	-
Total resources expended on mission	-	-	-	-	-
Governance costs	-	-	-	-	-
Total expenditure on generating funds, mission and governance	-	-	-	-	-
Net (Outgoing)/Incoming Resources	-	-	-	-	-
Other recognised gains/(losses)					
Non-investment property	11,676,907	-	-	-	11,676,907
Unrealised investment gains/(losses)	-	-	89	11,045	11,134
Net movement in funds before transfers	11,676,907	-	89	11,045	11,688,041
Gross transfer between funds	(70,000)	-	70,000	-	-
Net movements in funds	11,606,907	-	70,089	11,045	11,688,041
Funds brought forward	3,643,093	481,785	466,615	564,923	5,156,416
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 £536,704 (2013 - £466,615). The balance of the restricted element of the fund at the year end is £8,390 (2013 – *minus* £7,436). The unrestricted element of the fund stands at £567,459 (2013 - £282,459) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

Millennium Project Account

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

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

Buildings Fund

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals. The value of this fund at 31st December 2014 stands at £15,250,000 following the revaluation of Cathedral properties during 2014 (2013 - £3,643,093).

Capital Account

This account is treated as an endowment. It represents amounts donated to further the work of the Cathedral, but specifically not in the areas of property and choir. Income generated is transferred to the General Revenue Account.

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 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	884,940	(622,458)	16,844,457	17,106,939

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

21 Connected Charities

The undernoted entities, for which financial information, subject to audit where appropriate, is set out below, are not controlled by the Chapter but are wholly for the benefit of the Cathedral. In accordance with the guidelines on Cathedral Accounting, only the transactions with these entities are included in the consolidated accounts. The information relates to the accounting years ending in 2014 with the exception of the Friends of Southwark Cathedral where the figures relate to the accounting year ending 31 December 2013.

	Trustees of the Rectory of St Saviour £	Friends of Southwark Cathedral £	Development Trust £
Gross income	2,238	25,341	308,681
Net income before amounts paid to Cathedral	2,238	7,273	259,696
Amounts paid to Cathedral	28,849	3,253	375,479
Gross assets	45,987	236,611	186,307
Net assets	45,987	226,924	158,002

The amounts received from these connected charities were somewhat different from those received in 2013 when the Trustees of the Rectory of St Saviour made a grant of £61,151 towards boiler replacement works (see Major Works to the Fabric on page 16) and the Development Trust made grants totalling £294,219 towards various fabric works and social mission work (for further information see the Fundraising section on page 9).

22 Capital Commitments

At 31st December 2014, the Cathedral is committed to capital contracts relating to roof repairs, and other works, totalling £139,862 (2013 - £149,670).