

# **SOUTHWARK CATHEDRAL**

## **Annual Report and Consolidated Financial Statements for the year ended 31<sup>st</sup> December 2016**

**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](mailto:cathedral@southwark.anglican.org)  
Web site: [www.southwarkcathedral.org.uk](http://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 Joabe Cavalcanti  
Ms Gill Reynolds  
Mr Peter Haddock  
Mr Neil McGuinness

In attendance:

The Revd Canon Wendy Robins, Honorary Curate and Cathedral Chaplain

There were a number of changes to Chapter membership during 2016. The Revd Canon Dr Rosemarie Mallett resigned as a member nominated by the Bishop and her place was taken by the Revd Canon Joabe Cavalcanti in July 2016. Mr Adrian Greenwood, also nominated by the Bishop, resigned and his place was taken by Mr Peter Haddock.

## **Statutory office holders**

### **Comptroller**

Mr Matthew Knight

### **The Finance Committee**

Mr Richard Cornwell – *chairman*

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Mrs Barbara Lane

Ms Stephanie Mills

Mr Pip Steen

Ms Jill Tilley

In attendance:

Mrs Toyin Tukasi – *Cathedral Accountant*

Mrs Bridget Abbott – *secretary*

### **The Fabric Advisory Committee**

The Revd Charles Pickstone – *chairman*

Professor Maurice Howard

Mr Luke Hughes

Miss Gillian Lewis

Ms Claire Reed

Mr Guy Rowston

Ms Phillida Shaw

In attendance:

Mr Richard Malins – *secretary*

The Very Revd Andrew Nunn – *Dean*

Ms Kelley Christ – *Cathedral Architect*

Dr Jackie Hall – *Cathedral Archaeologist*

Mr Matthew Knight – *Comptroller*

Mr Matthew Hall – *Cathedral Warden*

### **Director of Music**

Mr Peter Wright

### **Bankers**

National Westminster Bank plc

10 Southwark Street

London SE1 1TT

### **Chapter Clerk and Solicitors**

Mr Paul Morris

Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

### **Independent Auditors**

Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

### **Cathedral Architect**

Ms Kelley Christ

A&RME

415 Endsleigh Court

24 Upper Woburn Place

London WC1H 0HQ

### **Archaeological Consultant**

Dr Jackie Hall

51 Back Road

Linton

Cambridge

CB21 4JF

### **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 23<sup>rd</sup> 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 its mission.

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 St Augustine's College of Theology 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 and we appreciate the time they give to us. These links with the Diocese are important in spreading understanding about the role of the Cathedral within the Diocese.

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

## The organisational structure of the Cathedral

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

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

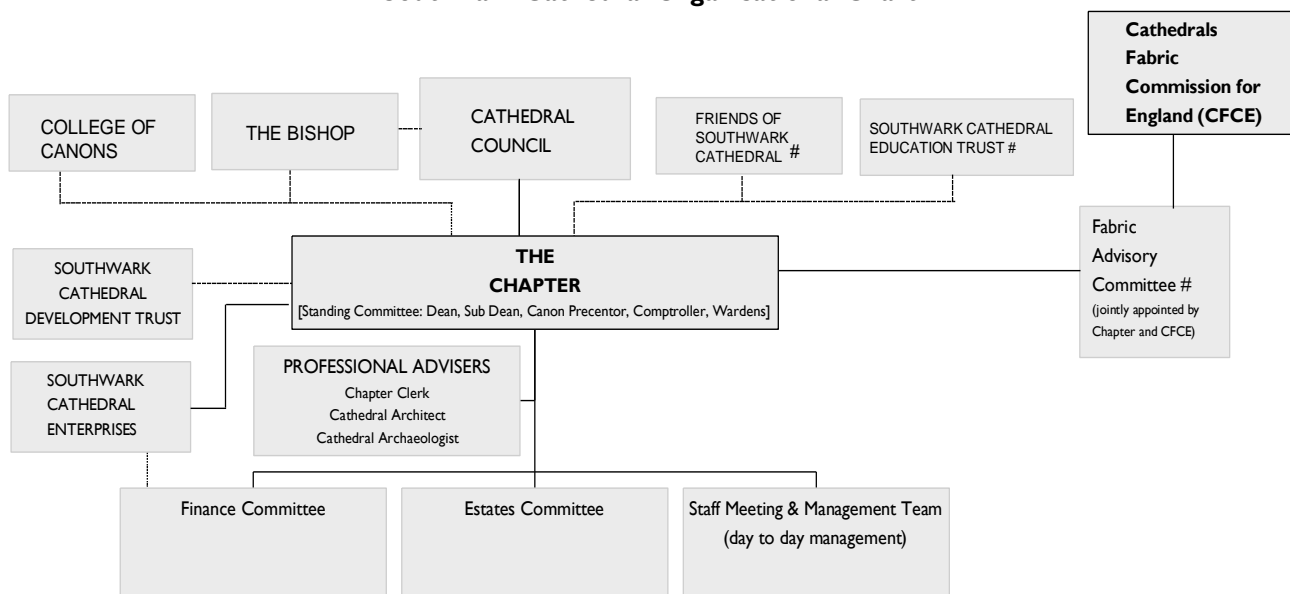
The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13 members: the Dean, the five Residentiary Canons and seven other ordained and lay members holding appointed or elected positions. Details of the members of Chapter are given on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

The **Cathedral Council** is appointed to further and support the work of the Cathedral and to review and advise upon the work of the Chapter. The Council is made up of 19 people appointed by the Bishop of Southwark, the Bishop's

Council, chosen from the Chapter, or elected from the Electoral Roll and College of Canons. In addition, six 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. The Council meets three times a year in March, June and November. The June meeting is held jointly with the Chapter.

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

### Southwark Cathedral Organisational Chart



# Committees with external membership

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

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

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

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

- *Southwark Cathedral Enterprises Limited*  
This company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking in Montague Close, conferences, events and concerts using the Cathedral’s premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 25 and detailed in note 5 to the accounts on page 38.
- *The Southwark Cathedral Development Trust*  
This registered charity, formed to raise funds for the Millennium Project, is now dedicated to the fundraising campaign. A summary of the financial performance of the Trust in 2016 is given in the Fundraising Report on page 10 and in note 20 to the accounts on page 51.

### Statement of the Chapter Members’ responsibilities

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

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

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

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

## **Method of appointing members to Chapter**

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

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

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

## **Procedures for the induction and training of new members of Chapter**

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

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

## **Investment powers**

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

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

## **Changes to appointments and advisers in 2016**

There were a number of changes to the membership of the Cathedral Council. Alice Willington, the Cathedral's Development Officer and staff representative, resigned following her departure from her post at the Cathedral. No staff representative has yet come forward to take her place. Canon Kim Hitch was appointed from the College of Canons to succeed Canon Robert Titley who had resigned in September 2015.

In July 2016, Nathalie Cohen resigned as Cathedral Archaeologist and she was succeeded by Dr Jackie Hall.



## Cathedral staff

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

Matthew Knight – *Comptroller*  
 Toyin Tukasi – *Cathedral Accountant*  
 Peter Wright – *Director of Music*  
 Paul Timms – *Head Verger*

Rose Harding – *Development Director*  
 Robert Darling – *Works Manager*  
 Jon Dollin – *Retail and Visitor Services Manager*

There was a larger than usual number of staff changes in 2016, all for unconnected reasons. Iain Judge, temporary Visitors Officer, left in April 2016 at the end of his contract. A new part-time Visits and Tours Officer, Ruth Miller, was appointed in July. Martin Gwilliams, who for thirteen years had been Publications Officer, resigned to start a new career training to be a stone carver. His successor, in the new role of Designer, was Evelin Arweck.

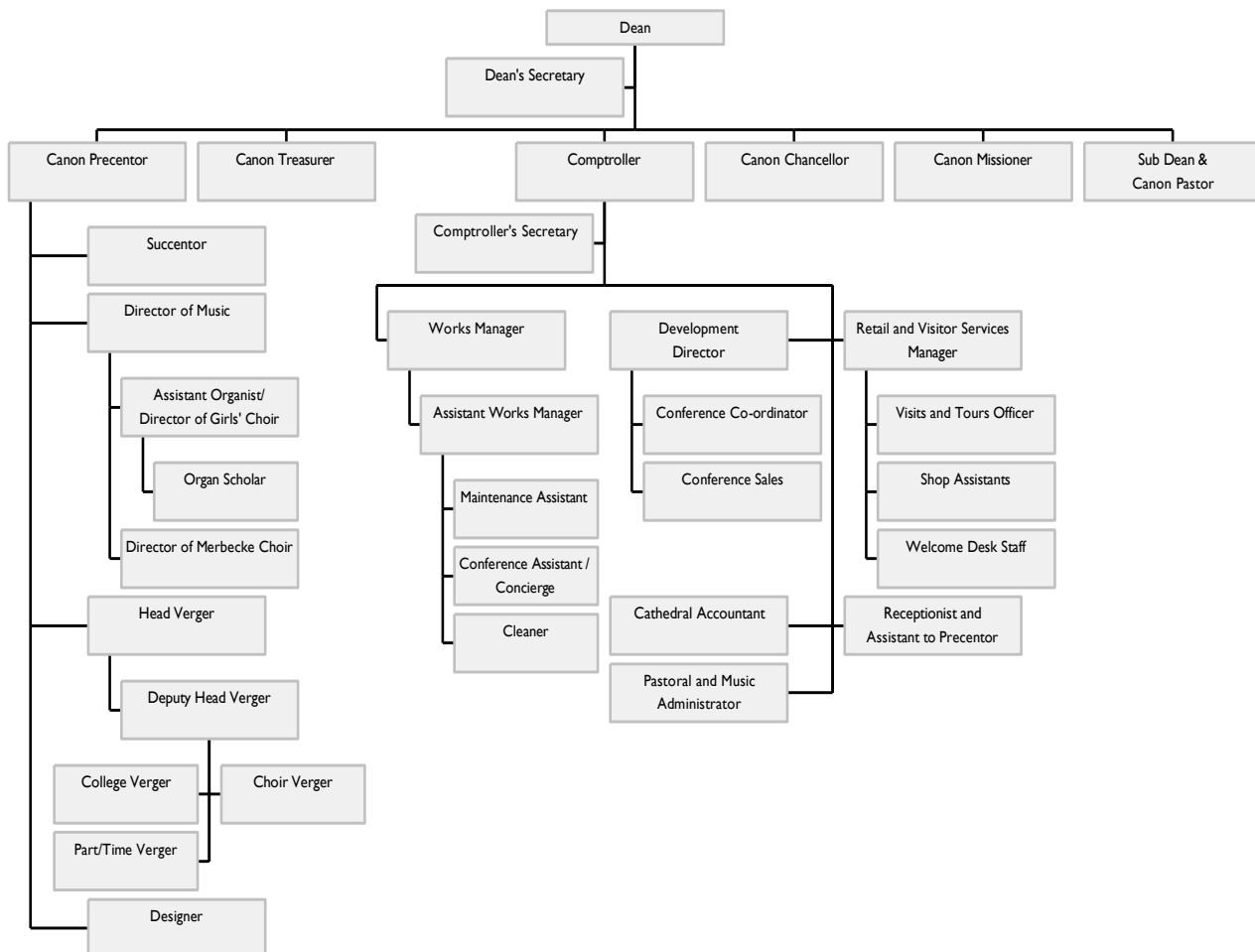
The Development Officer, Alice Willington, left in June 2016, for a new position elsewhere. Two attempts to recruit a successor proved unsuccessful so much of the work carried out Alice is currently being divided among other members of staff and the voluntary members of our Fundraising Panel, Jennie Page and Richard Cornwell.

The Revd Stephen Stavrou, the Succentor, left in April 2016 and a new part-time Succentor, Rachel Young was installed in January 2017. Nathalie Cohen, the Cathedral Archaeologist, resigned in July 2016 following her appointment to the same position at Canterbury Cathedral. Dr Jackie Hall was appointed as her successor.

In September, following the resignation of Sarah Mann from the voluntary position of Volunteers Co-ordinator, a newly created post of Volunteers Officer was filled by Michelle Ford who has specific responsibility for the Welcomers team but also for overseeing volunteering across all aspects of Cathedral life.

Following the departure of Alex Carton as Education Officer in December 2015, Cath Mitchenall held the post for two terms pending the appointment of a new Education officer, Lisa Bewick, in September 2016. Finally, in December 2016, Karen Greaves, Education Centre Administrator left after six years' service and her successor is due to start early in 2017.

Below is a chart showing the organisation of Cathedral staff. The number of employees is listed in Note 11 of the accounts on page 41, and a list of the voluntary roles appears on page 13.



# The Cathedral's Mission and Review of the Year

## Mission Statement

Our mission statement, adopted by the Chapter, states:

### **Southwark Cathedral**

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

### ***The marks of our community are***

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

### ***Our rule of life is centred on a commitment to***

- worship
- study
- service

and above all

- to the Living God we know in Jesus Christ

During the course of 2016, a group of Chapter members have been meeting to work out ways in which this vision and priorities can be put into effect within the life of the Cathedral. This work is ongoing.

## 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.

In last year's report we noted that 2015 was the first year since 2010 that our clergy team had been complete and that there were no changes of appointments. In 2016, we said goodbye to our Succentor, the Revd Stephen Stavrou following his appointment to a new post as Team Vicar of St Michael's, Barnes. We were pleased to welcome the Revd Rachel Young as his successor early in 2017.

The Dean took a sabbatical between September and November 2016. He began his time away in Canada where he looked into the possibility of creating a link with a Canadian Cathedral which would provide a direct link with a different part of the Anglican Communion and with a part of the church that is currently looking at the issues around homosexuality and same-sex relationships. The Dean then moved onto spend the majority of his time at St George's College, Jerusalem, researching a book that he hopes to write as a resource for returning pilgrims to the Holy Land. In February 2016 he had led a Diocesan Pilgrimage, with the Bishop of Southwark, to the Holy Land and the Cathedral congregation made up a large part of that group. In the Dean's absence, the Sub Dean, Canon Michael Rawson, carried out his decanal duties. Fortunately, the Revd Jessie Daniels-White was transferred to continue her initial appointment following ordination at St Hugh's. She was therefore able to take a lead at St Hugh's while the Sub Dean concentrated on the Cathedral and its congregation.

Having developed a good working relationship with the outgoing Mayor of London, Boris Johnson, we were delighted that the newly-elected Mayor, Sadiq Khan, chose to begin his mayoralty at Southwark Cathedral in May 2016. This was a very important moment for London, the faith communities and the Cathedral. We also secured some positive media coverage of the event including featuring prominently on BBC London News. It was good to be able to welcome the Mayor back on two further occasions during the year including the Faith and Community Assembly in October and the Greater London Authority Carol Service in December. We are looking for ways to develop further our relationships with other faith communities and are looking to host a Grand Iftar with the Mayor during Ramadan in 2017.

In December 2015, we said goodbye to Alex Carton, our Education Officer. Her successor, Lisa Bewick arrived in September 2016 with a new brief to integrate the work of the Education Centre into the life of the Cathedral with the intention of developing the concept of our being a learning community. Canon Mandy Ford has taken on responsibility for this area of our work and the Education Centre Trustees continue to look for fresh sources of funding to resource the Education Centre and are committed to new patterns of working with all strands of educational activity throughout Cathedral life.

In 2015, we renovated the churchyard and introduced a new visitor route through the west end of Lancelot's Link. These arrangements proved very popular with the majority of our visitors and have enabled us to maintain the churchyard as a place of quiet and reflection in one of the busiest parts of central London. Our visitor numbers are slightly down but we hope that the experience of visitors will have been enhanced by being able to include the churchyard as part of their visit in a way that was not possible before when the area had become an outside seating area for local food outlets.

One of the challenges thrown up by the change of entrance has been the urgent need to create step-free access at the west end entrance to Lancelot's Link. We have begun discussions with the London Borough of Southwark about providing a suitable access and we were delighted by their positive initial response. The Cathedral Architect is now working up some formal proposals. In this work we are assisted by our Access Group which acts a reference point for all changes to the physical environment of the Cathedral as well as wider access issues that can impact all areas of Cathedral life. We are aware of the need for new and better signage across the site and a new Communications Group is looking into this during 2017. We are also acutely aware of the problems presented by our sound system that is no longer fit for purpose. A small working party is working with specialist contractors and the Diocesan Sound Advisor on ways to improve it and it is hoped these can be implemented during the first half of 2017.

The Cathedral Chapter is aware that the surrounding area is constantly changing. Of particular concern during the past year has been the rebuilding of London Bridge station as part of the Thameslink project. The first part of the new London Bridge Station opened in 2016 and we look forward to the completion of works in 2018. The disruption to Southern Rail services caused by industrial action has made the journey to the Cathedral for our congregation, staff and visitors particularly difficult throughout most of the past year. What all of this shows us is that there will always be challenges in getting to a Cathedral in a city centre location such as ours where driving is not really an option. We are grateful to our staff, volunteers and members of the congregation who battle through the obstacles to worship and work here.

2016 was not an easy year in financial terms. The Chapter is conscious of how vulnerable we are to political and economic factors that are beyond our control. The lead up to the EU referendum vote in June caused many of our conference centre clients to hold back on making bookings, while the US presidential election caused further uncertainty which has implications for the City of London of which we now have to acknowledge we are part. It is very difficult for the Chapter to be able to anticipate or plan for events that are completely beyond our control but we continue to assess the risks and look carefully at our ongoing financial security while making sure we have clear plans of action when our business income drops. Clearly the next two years of Brexit negotiations will mean that we have to work within a challenging economic environment for some time yet.

The Chapter was an enthusiastic participant in the Parish Support Fund, the new mechanism introduced in January 2016 to fund the ministry and work of the Diocese. Our initial pledge of £30,000 in 2016 was increased by 2% for 2017 in line with the suggested increase for all parishes. The Season of Gifts stewardship campaign at Epiphanytide in 2016 generated a large increase in congregational giving but the majority of this came from a very small number of donors. We would encourage all members of the congregation to review their giving in the coming year especially as we can no longer be assured of an upward trend in our commercial income.

Efforts to develop new sources of income and control costs are on-going and the cash flow position remains steady. As ever, during the budget-setting exercise for 2017 every department was asked to maintain a tight control over expenditure

while trying not to affect the core work and mission of the Cathedral although this still resulted in a small deficit budget for the year ahead. The Chapter is determined that the budget should return to surplus in 2018.

## Fundraising

The Chapter is always aware of the need to generate sufficient income to enable us to continue our work as a house of prayer, a centre of mission, and as a part of the Christian heritage of South London. In 2011 it was decided to launch a new fundraising campaign to endow the Cathedral's music, undertake major works to the organ, carry out a large amount of repair work on the Cathedral church, and fund new social mission work in the parish and local area.

The Development Office has successfully raised £165,063 in 2016. This is lower than the £351,106 raised in 2015 but this is partly because our Development Officer, Alice Willington, left in June and it has not yet been possible, following two rounds of advertising, to appoint a successor. Despite this, the development work continues albeit at a slightly slower pace. The appeal to re-hang the Cathedral bells, launched in 2015, managed to raise the full amount (£200,000) within twelve months from a variety of fundraising initiatives and two significant donations from individuals. Work began in July 2016 when the bells were removed. They returned, with the tenor and seventh bell having been re-cast, in January 2017 and were blessed by the Bishop of Southwark at a service on 9 January attended by a large number of donors and ringers from across the country. We were also successful in our third application to the government-funded World War One Centenary Cathedral Grants Scheme. In September 2016 we were awarded a grant for £500,000 to re-roof the choir and carry out high-level works to the masonry. This work is expected to start in mid-2017.

Overall in 2016, grants were made to the Cathedral of £17,467 for fabric works, £89,234 for the project to re-hang the bells, £17,660 for music (being the third year of an eight-year funding arrangement towards the costs of the Girls Choir following a very successful initiative headed by Dame Mary Archer, and a second annual grant from Morden College towards the cost of the Boys' Choir).

The day-to-day running costs of the Development Office are met by individual donations from Tim Sanderson and Derek Bartlett and we thank them for their commitment to supporting this aspect of Cathedral life.

Early in 2016, it was decided to re-organise the management of the Development Trust's activities. The Fundraising Executive Group, which had been responsible for the strategy and day-to-day management of fundraising activity was disbanded and replaced with a Fundraising Panel which reports to the Chapter. This group is responsible for developing and implementing a coherent fund-raising strategy, working with the Cathedral Architect to identify fabric projects suitable for fundraising, with the Chapter to develop the social mission project and with the Director of Music on works to the organ and building up the choirs endowment fund. The group also works with Cathedral staff to oversee the production of publicity, constructing a fundraising events programmes and approving all applications to foundations and other grant givers.

Coupled with these changes was the decision to re-constitute those members that remained from the Fundraising Council established in 2011, plus new members, as Patrons. Through this group, we hope to be able to harness the time and talents of individual members in the interests of the trust's fund-raising activities and to orchestrate individual actions so as to maximise the fund-raising potential.

## Review of progress and future plans

In 2015, the Chapter set out the following priorities for the year ahead:

- *to translate the new mission statement into an action plan*

The Chapter set up a small working party to draw up a plan for bringing the mission statement to life and develop an action plan. Their proposals are due to be presented to the Chapter in May 2017.

- *give further consideration to the welcome we offer visitors and consider the future of the churchyard entry arrangements*

The Chapter took the decision to extend the existing arrangements for entry during the week until mid-2018 when the new London Bridge station will have fully re-opened. Changes in the light of pedestrian movements in the area once the station is open, will be considered. In the meantime, the Retail and Visitor Services Manager is working with the Volunteers Officer in recruiting a team of people to staff the welcome desk in Lancelot's Link so that all visitors receive a personal welcome on arrival.

- *begin to look at ways in which we can increase access to the whole site for all, improve signage and ensure there are no physical barriers preventing all members of our worshipping community from playing a full part in the life of the Cathedral*

The Access Group, chaired by the Sub Dean, was set up to review and provide a critical voice for any changes to the physical environment or the way in which we communicate with our visitors and congregation. This will feed into the work of the new Communications Group which will be looking at all aspects of communication including signage across the site.

- *raising funds for urgent work to the organ console*

We were fortunate to receive a legacy which will mean that the urgent works to the console can now be carried out between August and November 2017.

- *implementing a review of communications across the Cathedral community*

The Chapter established a Communications Review Group in November 2016 chaired by the Comptroller. This group aims to look at all forms of communication including a new Cathedral website, signage, social media and printed material with a view to reporting recommendations later in 2017.

- *responding positively to the recent Anglican Primates Conference and the issues raised by the Anglican Communion*

Following on from his sabbatical, the Dean has made a significant contribution to the General Synod debates particularly with regard to issues around same-sex marriage. Following consideration of the House of Bishops report on Marriage and Same-Sex Relationships at the General Synod of February 2017, he will be engaging further with the Bishop and Diocese on these issues.

Looking ahead, the priorities for the Chapter are to undertake the reroofing of the Choir and carry out high-level masonry repair works following our successful application for grant money for this work; carry out the communications review and launch a new Cathedral website; carry out urgent improvements to the sound system; work with department heads and budget holders across the organisation to achieve a balanced budget for 2018; work with the Cathedral Council to evaluate our governance structures in the light of the recent Bishop's Visitation at Peterborough Cathedral and the implications this presents for the ongoing relationship between Cathedrals and their Dioceses.

## 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 2015.

<b>Sunday Services</b>		<b>Average attendance</b>
8.45am	Morning Prayer	3
9.00am	Eucharist	40
11.00am	Choral Eucharist	400
3.00pm	Choral Evensong	130
6.00pm	'6.00 at Southwark' *	35
<b>Weekday Services</b>		
8.00am	Morning Prayer	9
8.15am	Eucharist	6
12.30pm	Midday Prayer	6
12.45pm	Eucharist	16
5.30pm	Choral Evensong (or Evening Prayer when the choir is on holiday)	55
<b>Saturday Services</b>		
9.00am	Morning Prayer	45
9.15am	Eucharist	10
4.00pm	Choral Evensong (sung by a Visiting Choir) or Evening Prayer	100

\* The Sunday evening service takes a different format on each Sunday of a month. The service on the first Sunday is a Traditional Rite Choral Eucharist; on the second, a Service of Light; on the third, a Service of Wholeness and Healing; and

on the fourth, Compline and Eucharistic Devotions. When there is a fifth Sunday in a month, there is a service of Compline. These “6.00 at Southwark” services continue to attract four distinct and stable congregations.

### **Music**

Both the Boys’ and Girls’ Choirs continue to flourish, each with approximately 22 full choristers and 4 probationers under the direction of Peter Wright, Organist and Director of Music, and Stephen Disley, Assistant Organist and Director of the Girls’ Choir. They are ably assisted by the twelve lay-clerks and choral scholars.

The fundamental *raison d’être* of any Cathedral Choir is of course to sing at the statutory services. Choral Evensong is sung regularly by one or other choir on Mondays, Tuesdays, Thursdays, Fridays and Sundays in term time, as is the main morning Eucharist on Sundays. Major festivals also enjoy fully choral services.

There were two particularly special services during the year, both sung by the Great Choir. On 23<sup>rd</sup> April Southwark hosted the national celebration service to mark the 400<sup>th</sup> anniversary of the death of William Shakespeare (a former parishioner of this Church) in conjunction with the Globe Theatre. Philip Moore was commissioned to write a splendid new anthem for the occasion, a setting of the Authorized Version of Psalm 46; possibly translated by the Bard himself. In June the *Friends of Cathedral Music*, a great supporter of the Choir here, celebrated its Diamond Jubilee with an Evensong at which the Choir repeated the new Moore anthem to great acclaim. In addition to these services the boys and men gave a concert, with orchestra, including Haydn’s *Missa Sancti Nicolai* in December and the girls and men Duruflé’s *Requiem* on Good Friday.

In June the Girls’ Choir took part in a City of London Sinfonia concert at the Cathedral which also included the Duruflé, and the following month visited Krakow in Poland. This tour included singing concerts, a Sunday mass in the Dominican church, and sight-seeing; not least the Wieliczka Salt Mines and a tour of the Jewish Quarter which included the Galicja Museum, meeting a Holocaust Survivor and Schindler’s Factory, now a museum. These tours are excellent for bonding the team of singers, our Cathedral having no choir school, and gives them the opportunity to rehearse more intensely and frequently and they are hugely enjoyed by everybody.

Huw Morgan, Director of the *Merbecke Choir* left the post in July after nine distinguished years nurturing and crafting the group into the excellent ensemble it is. He and his wife, Emma (whom he met through the Choir) have now moved to New Zealand and we wish them well for the future. Huw’s successor is Emily Elias and the Choir has already sung an excellent Christmas Concert and a Carol service under her direction.

Our very talented Harry Coles Organ Scholar, Alexander Binns, also left in July after two distinguished years here and has now taken up the post of Assistant Director of Music at St Edmundsbury Cathedral, continuing the long line of Southwark organ scholars who have moved on to distinguished posts. Our new Organ Scholar is Edward Hewes, a student at the Royal Academy of Music and he comes with an excellent background in church music, having been a chorister at Lincoln Cathedral and later Organ Scholar at Canterbury Cathedral during his gap year.

During the year we said farewell to two gentlemen of the Choir: Joshua Edwards and Frank Postles. Oliver Cripps, Ethan Daniels, Freddie Dowland, Oliver Lamont, Alistair Spencer, and George Webb left the Boys’ Choir and Anna Christians, Chamekir Hunte, Caroline Loane, Jude MacKinlay, Oyin Ogunjobi, Molly Wauchope and Katie Wright the Girls’. All were admitted as members of the Old Choristers’ Association.

The cost of the music in 2016 was £205,216, compared with £199,316 in 2015. Additional funding for music came from the income from the Choirs Endowment Fund which generated an income of £17,464 (£29,824 in 2015) which was applied to the cost of the music. We also received a number of grants including £10,914 from the St Olave’s and St Saviour’s Grammar School Foundation.

### **Volunteers**

We are very fortunate to have a solid base of volunteers, the overall figure currently stands at 462. The Volunteers’ officer Michelle Ford, has been in post since September 2016 and since that time has been working with teams across the Cathedral to identify and fill any volunteering gaps. She gave a presentation to the Cathedral Council in November on the current state of volunteering at the Cathedral and her plans to develop it in future years. Michelle has developed new links with the Volunteer Centre Lewisham, attending their Volunteers Fair in September 2016, and also *Recruiting Volunteers Made Easy*, a workshop for volunteer managers who work across the borough of Southwark. Michelle is keen to widen the involvement of young people and those from minority ethnic backgrounds more fully in our volunteer activities.

A number of meetings are held throughout the year which help to manage the work of volunteers, share best practice and ideas and address any concerns that arise. The twice yearly Volunteer Team Leaders meeting, chaired by the Dean, always provides a useful forum for the different groups to meet and update others on their work.

The volunteers annual party was held on 25<sup>th</sup> September and attended by a large number of volunteers from different teams. The event provided an opportunity for the Chapter to thank volunteers for their continued commitment and dedication to Cathedral life.

Many volunteers offer their time in more than one role and give generously of their time and skills (see table below) to enrich and extend the work of the Cathedral and its service to the local community. We could not operate at our current level of excellence without them and we are profoundly grateful for their service. They bring huge experience and energy.

This is an appropriate place to thank Sarah Mann who, as Volunteer Co-ordinator, a role she held as a volunteer herself for six years, resigned in May 2016. Sarah's principal achievements were to establish more formal recruitment procedures and advertising for vacancies for volunteer teams so that the most talented people could be recruited for roles, many of which require special skills. Sarah also helped a number of groups that were struggling with low numbers to build up their teams with new recruits. We also thank Sarah for her work on bringing our management of volunteering into line with best practice and signing the Cathedral up to the London Volunteers Charter. A firm base was established for Michelle Ford to take this work forward.

### **Voluntary involvement in Cathedral life**

<b>Organisation</b>	<b>Number of volunteers</b>
Bell ringers	57
Broderers	10
Committee members	46
Day chaplains	28
Education Centre volunteers	23
Electoral Roll Officer	2
Eucharistic ministers	22
Flower arrangers	31
Guides	23
Honorary Minor Canons	23
Honorary vergers	9
Intercessors and readers	46
Office volunteers	10
Servers	40
Shop volunteers	10
Stewards	57
Recorder	1
ROBES project volunteers	40
Sunday coffee	21
Sunday School	19
Cathedral Wardens	2
Cathedral School volunteer	1
Welcomers	34
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 2016, the electoral roll stood at 595. Between then and the end of the year a further 12 names had been added to the roll bringing the total to 607 in December 2016.

### **Parish and community**

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

People living in the parish are welcomed into the Cathedral as their parish church for baptisms, weddings and funerals. The Cathedral actively seeks to help our local community to respond to and benefit from its changing environment. The Cathedral participates in discussions with Southwark Council for local improvement initiatives. The Cathedral works closely with the Bankside Residents' Forum and is a partner in the Better Bankside Business Improvement District. The Cathedral continues to foster links with local businesses, including Borough Market. We are working closely with the new Chief Executive of the Market to further develop our partnership, together with a regular meeting with partners in the area.

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey. St Hugh's comes under the pastoral care of the Sub Dean, assisted by the Revd Linda Scott-Garnett, and two Readers. Following an extended placement, the Revd Jessie Daniels-White became Assistant Curate at Easter 2016 and has contributed enormously to the ministry at St Hugh's as well as at the Cathedral. Jessie has started a weekly parent and toddler group with a group of volunteers. In September we said farewell to Becky Hardie, our part-time Youth Minister for St Hugh's and the Cathedral. Her enthusiasm and cheerful personality will be greatly missed. The congregation continues to work on the Mission Action Plan. In the coming year we look forward to welcoming a new shared curate with St George the Martyr and the Cathedral. We are also planning to employ a Children's and Family worker to minister across the three parishes.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) with the Sub Dean and several members of the congregation serving as governors. Marion Marples and Heather Smith continue their very valuable ministry as SPAs across the parish and local community. During the past year they have also begun to take Holy Communion to the housebound in conjunction with the Sub Dean. In October Caroline Clifford was admitted as a Reader to serve at the Cathedral and we are happy to welcome Caroline to the team here. The Cathedral congregation again provided a large team of volunteers through the winter for the ROBES ecumenical project which provides shelter for homeless people. The sleep-out fundraising event at the Cathedral raised over £97,000 with around 150 people taking part.

The Cathedral Education Centre welcomed more than 7,800 children during the year, mainly from schools in inner London. The work of the Centre continues to flourish with Cath Mitchenall acting as interim Education Officer for much of the year before the welcome arrival of Lisa Bewick in September. After many years as Education Centre Administrator, we said farewell to Karen Greaves at the end of the 2016. We are very grateful to the volunteers who lead workshops in the Centre.

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

The lay led Lent and Advent Groups have continued to flourish during the year. Other opportunities for learning include the Pilgrim course material in preparation for confirmation, workshops for Admission to Holy Communion and the Interest & Action Groups which offer opportunities for involvement in a wide range of activities. The Cathedral and St Hugh's branch of the Mothers' Union has been finding its feet during the year and continues to attract new members. During the year we signed a new partnership agreement with our friends at Bergen Cathedral. We welcomed representatives from Bergen and Rouen for a joyous weekend of ecumenical celebrations in October.

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. This has been particularly important this year with severe famine and food shortages hitting the country and most vulnerable citizens.

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 2016 the sum donated was £23,613 (£24,004 in 2015). The task of determining a list of recommendations is entrusted to the Mission Allocations Group, who present their proposals to the Chapter for endorsement. The Group puts a notice into the weekly notice sheet each year inviting written expressions of interest from the congregation in charities that the Cathedral should support. The group work within the following framework:

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

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

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

The charities that received funds in 2016 were as follows:

US (formerly USPG) received £5,310; The Manna Centre and the Cathedral Education Centre each received £2,655.00; CREST, Mildmay, Children of Fire, Dragon Café, Nepal Leprosy Trust, Freedom from Torture, Practical Action and Just Earth each received £1,327.50; and Being Alongside and Teens and Toddlers each received £1,170.

### **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.

### **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 2016, these included a funeral services for Carol Ann Driver, the wife of Anthony Driver, the South London Regional Manager for the undertaking

firm in Bromley, Francis Chappell & Sons Funeral Directors, and Sam King who, in 1983 became the first black mayor of the London Borough of Southwark. He had celebrated his 90<sup>th</sup> birthday at the Cathedral with a special service just a few months earlier. Three memorial services took place in 2016: for Robin Hulf, a past Master of the Worshipful Company of Launderers, David Keltie, chief executive of Keltie, a company based at London Bridge, and Richard Benbrook, a City broker.

Other services this year included The London Bridge Hospital Service, a Service of Thanksgiving in memory of the people who generously donated their bodies for medical research, The Guy's Hospital Palliative Care Service and, the Worshipful Company of Launderers Annual Service. A commemorative Choral Evensong to mark the 82<sup>nd</sup> anniversary of Sir Edward Elgar's death, and the Thomas Cure Evensong to commemorate the Southwark benefactor Thomas Cure, who died in 1588, also took place. His legacy is very much alive and flourishing today, helping people in Southwark, through the work of the United St Saviour's Charity. Representatives of The Worshipful Company of Saddlers attended this Service as Thomas Cure was a Master Saddler. The Friends of Cathedral Music's Diamond Jubilee committee held a special Choral Evensong in the Cathedral in the summer and the Southwark Judiciary held its first Legal Service in July. We also hosted the SAGE Service to celebrate grandparents, a service for the Barbados High Commissioner to mark the 50<sup>th</sup> anniversary of independence and a Memorial Service to remember those who lost their lives in the Japanese tsunami. In early July, the London Fire Brigade marked its 150<sup>th</sup> anniversary at a special service during which Fire Brigade standards were laid up. These can now be seen in position in the south transept.

Of particular note was the service to mark the 400<sup>th</sup> anniversary of William Shakespeare's death. The Globe Young Players brought vignettes of Shakespeare's Globe Winter programme to the Cathedral and this formed part of the liturgy. The service was attended by HRH the Duke of Edinburgh and the Great Choir sang.

Southwark Cathedral continues to host a great number of annual services for schools including St Saviour's and St Olave's, the Cathedral School, St Olave's School, St Dunstan's College, Trinity School, St Cecilia's, ARK Academy and Bacon's College. The Southwark Diocesan Board of Education Leavers' Services were held in the Cathedral, as usual, in June.

Southwark Cathedral continues to be a popular choice for a number of high-profile special events and these provide a valuable source of commercial income. The launch of the sixth series of the television drama, *Game of Thrones*, was a notable example involving Sky Media as part of Advertising Week Europe. We hosted The Times Literary Supplement Summer Party, two PricewaterhouseCoopers departmental receptions – one a barbeque in the Churchyard and one in the nave with three musicians from the PWC-sponsored London Symphony Orchestra accompanying the guests' reception – Transforming London Streets stallholder day in the nave (formerly known as The Cycling Show) and the South Thames Foundation Schools Stallholders Day. The fashion designer, Simone Rocha, held her London Fashion Week runway show here in September.

In May we were delighted to provide the venue for the inauguration of the new Mayor of London, Sadiq Khan. Mr Khan was also present for the Faith and Community Assembly held in the Cathedral in October. The Southwark Council Civic Awards Ceremony and Mayor-making were held in the Cathedral once again and are now regular fixtures in our calendar.

Despite concerns over terrorism in Europe, we continued to welcome visiting choirs from around the world to give recitals in the Cathedral including twelve from the United States, five from Australia, two from Norway, as well as from China, Belgium, Iceland, Argentina, South Africa, and the Netherlands.

The varied concert programme across the year is in large part testimony to the enthusiasm and commitment of music department heads in schools and ambitious programming by choir directors and concert organisers. It is to the Cathedral's benefit that so many producers and concert organisers are committed to the Cathedral whilst there are many purpose-built concert halls across London. The City of London Sinfonia returned to us twice during the year as did London Concertante and Legal Harmony. Dulwich Preparatory School returned to us for their Spring concert in March while Highgate School brought a performance of Bach's *St Matthew Passion* featuring Ian Bostridge (a Highgate School parent) as one of the soloists. Wimbledon Choral Society brought a programme billed as *French Gothic* and a new concert booker, The London Mahler Orchestra, performed Mahler's Second Symphony with probably the largest orchestra assembled in the Cathedral at over 100 musicians plus two choirs. The *Gabrieli Roar* launch event was held here, a concert featuring a massed choir of over 120 voices, drawn from five outstanding youth choirs, singing side-by-side with the acclaimed professional singers of the Gabrieli Consort.

The positioning of an over-sized cardboard cut-out of Wally, styled as William Shakespeare, of *Where's Wally?* fame in the Courtyard linked us to a number of tourist sites along the River. This promotion highlighted the heritage sites within view of those using binoculars from the highest viewing platform in the Shard.

Our continuing and growing association with the arts community in London saw the launch of the book *Art and The Church: A Fractious Embrace* by Jonathan Koestle-Cate and Art Night, a new annual contemporary arts festival that transformed London for one night utilising a range of buildings and public spaces across Westminster and Southwark and featuring a series of art installations and performances. The Cathedral hosted a sell-out performance by Joan Jonas, an American visual artist and a pioneer of video and performance art. The event produced considerable national press interest and the Cathedral was featured prominently in advertising and publicity.

Southwark Cathedral's calendar of events in Advent was as full as ever with a wide range of schools and organisations holding their carol service and concerts here. Although many of these organisations have come to us many times, we were pleased to welcome the Alzheimer's Society for the first time in 2016. We had over forty events in the diary between Advent Sunday and Christmas Day and this included the Dean in the demonstration kitchen in Borough Market once again as well as the Friends Christmas Fair that took place across three days.

### **Major works to the fabric**

The total value of major works to the Cathedral in 2016 amounted to £116,672 (£245,987 in 2015). The major item of work consisted of the first stage of the project to re-hang the bells. Grants from Southwark Cathedral Development Trust covered the costs of these works following the successful fundraising campaign.

A significant element of the Chapter's expenditure in 2016, as always, 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 £567,583 plus £116,672 expenditure on major works (total of £684,255), much lower than the cost in 2015 of £559,704 plus £245,987 expenditure on major works (total of £805,691). The absence of a major project on the Cathedral church in 2016 accounted for much of the decrease on the previous year.

### **The Friends of Southwark Cathedral**

Our programme has continued to be varied and we have an active core of Friends. Membership continues to remain steady, although in the last year we have written to Life members to see if they wish to continue their membership which has resulted in a small reduction numbers. However, we continue to keep a loyal following which is increasingly unusual in Friends groups both in Cathedrals and other organisations.

Annually we enjoy a range of regular events: the Annual General Meeting, visits to the Globe, the Quiz Night, the Advent Tea and Carol Service and the Christmas Market. The Christmas Soirée at the Deanery has become a firm favourite and we are grateful to the Dean for his enthusiastic support of The Friends which makes such a difference to the success and popularity of The Friends. Guy Rowston has kindly given his time and presented interested illustrated lectures on Saturdays and at the beginning of the year Carla and Bryan Stevens told us of their overseas travels which was enjoyed by many of the Friends.

In April a group of Friends travelled together to Santiago de Compostella. The weather was rather typical for the area but it did not stop us spending a morning walking together into the city along the Pilgrims Way. We arrived in time for the Pilgrims Mass at the Cathedral which was a very special occasion.

Our Book Sale was once again held outside the Deanery. It was successful financially and there was also an opportunity to talk to people about the Cathedral and encourage them to visit as they continue along the South Bank.

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 distribution of bags of Easter Eggs on Easter Sunday; the end-of-year Choir tea and telephone support for the

stewardship database. In addition this year the Friends financed: £12,786.78 for the design aspect of the external floodlighting project; £2,000 to support the Girls Choir tour to Krakow in July; and £1,500 to replace the china, glass and cutlery in the refurbished Montague Chambers kitchen. Further suggestions for other projects for the Friends to support were welcomed. A busy year for The Friends office concluded with an extended Christmas Market, now over 3 days.

In 2017 we will continue to concentrate our efforts on recruiting members and new Trustees.

## **Diocesan and extra-Cathedral activities of the Dean and Canons**

### **The Very Revd Andrew Nunn (Dean)**

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

### **Canon Michael Rawson (Sub Dean and Canon Pastor)**

As Canon Pastor, Canon Rawson acts as the parish priest for the Cathedral parish and congregation and is minister-in-charge of St Hugh's, Bermondsey, a Conventional District within the Cathedral parish. He is training incumbent for the Revd Jessie Daniels-White. Canon Rawson is a Chair of Governors of the Cathedral Primary School.

### **Canon Dr Mandy Ford (Canon Chancellor)**

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

### **Canon Dr Stephen Hance (Canon Missioner)**

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

### **Canon Gilly Myers (Canon Precentor)**

Canon Myers is Chair of the Diocesan Guild of Servers and member of the Diocesan Liturgy Group. She makes occasional contributions to the local and wider church through teaching and training engagements.

### **Canon Leanne Roberts (Canon Treasurer)**

Canon Roberts is the Director of the Vocations Department and the Diocesan Director of Ordinands. In this role she works within the Diocese to implement the Bishop's strategy for vocations, helping foster vocations to lay and ordained ministry. She oversees a large Vocations Team of Vocations Advisers, Area Directors of Ordinands, and Examining Chaplains, works with candidates for ordained ministry both pre-and post-selection, and assists in placing ordinands in their title posts. She serves on various committees, including as a trustee of St Augustine's College of Theology and the Southwark Diocesan Board of Education Further Education and Higher Education Committee. She frequently preaches across a wide variety of churches, both within the Diocese and more widely. Outside her Diocesan responsibilities, Canon Roberts is also a national selector for those offering themselves for ordained ministry.

# 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 in recent years have generated a surplus of income over expenditure which is encouraging and enabled the Chapter to repay the final outstanding loan to the Diocesan Board of Finance arising out of previous property projects at the end of December 2015. This leaves the Chapter debt-free for the first time in nearly 20 years. This means that more resources are now available to enable the Chapter to undertake new areas of work and ministry.

In 2016, there was a small decrease in unrestricted funds of £23,201 compared with an increase of £72,174 in 2015 (see the Consolidated Statement of Financial Activities on page 25). In 2016, the uncertain economic climate adversely affected the income from Southwark Cathedral Enterprises Ltd which accounts for much of the decrease when compared to 2015. Although legacies were received during the year, these were largely offset by unexpected necessary expenditure on the Cathedral's property portfolio including staff accommodation. The increase of over 3% in the London Living Wage rate that we use as the minimum for our paid staff also had an effect as it was in excess of the inflationary pay increase budgeted for. Furthermore, of the legacies received in 2016, £70,000 has been designated for urgent repairs to the organ console which is scheduled to take place between August and November 2017. When this further amount is deducted from the unrestricted funds balance, this demonstrates what a difficult year 2016 was.

However, surpluses in previous years have allowed us to continue to build up a very necessary cash reserve which was lacking in the past and, occasionally, necessitated borrowing from the Diocese of Southwark to meet our everyday expenditure. 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. This means that we are, to some extent, cushioned from the full effects of the disappointing result in 2016 but demonstrate the need to increase income in 2017 to ensure a better outcome at the end of that year. The uncertain economic climate has translated into lower than expected trading income but this has been partially offset by a notable rise in stewardship giving from the congregation. The Chapter is enormously grateful for the financial commitment made by the congregation during the past year and for the way in which many responded to the challenge laid down in the Season of Gifts programme in Epiphanytide 2016.

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £269,005 in 2016 compared with £236,133 in 2015. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £59,638 across all forms of giving in 2016 (£64,078 in 2015). A grant of £69,803 was received from the Church Commissioners in 2016 (£64,146 in 2015) 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, totalling £127,003 (£124,658 in 2015).

Income from charges and fees increased slightly in 2016 to £221,850 compared to £208,503 in 2015. This income is derived from fees for special services, weddings and funerals and from charges recoverable from organisers of services and events for musicians and administration.

## Reserves policy

The Chapter has a policy of building up general fund reserves equal to six months' operational expenses. Based on 2016 figures, this would need to be almost £750,000. Although it was not possible to make further progress towards this goal in 2016 following disappointing results, the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this. Free reserves at 31 December 2016 amounted to £318,909.

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

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

## Investment performance

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

An additional £35,000 was invested during 2016 from a legacy which was added to the Choir Endowment Fund. This, combined with a good performance of the fund during the year, led to an increase in value from £582,168 at 31 December 2015 to £659,218 at 31 December 2016. In addition, £17,464 of income was generated from the fund and applied to the cost of the music (£29,824 in 2015).

The Property Endowment Fund, formed in 2014 when three small property funds that had been managed on our behalf by the Southwark Diocesan Board of Finance were transferred to the Chapter, was also invested with Investec in 2015. At 31 December 2016, the value of this small fund was £10,188 (£9,407 at 31 December 2015).

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

## Maintenance costs

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

	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000
Routine maintenance	95	100	105	110	115
Crossing platform	0	110	0	0	0
Organ console repairs	70	0	0	0	0
Major organ repairs	0	0	0	350	100
Bells re-hanging and ringing chamber	100	0	0	0	0
Nave floor and DDA improvement	0	200	300	0	0
Conservation of monuments	10	10	10	10	0
Interior lighting. Electrical & sound	0	0	620	40	0
External lighting	0	600	0	0	0
Choir roof and east end masonry repairs	350	200	0	0	0
Nave roof (north slope)	0	0	0	360	0
South wall masonry repairs and south porch	33	0	0	68	0
South churchyard gates and railings	0	75	0	0	0
Signage and wayfinding	50	50	0	0	0
Conservation housekeeping and salvage strategy	12	7	5	5	5
Health & Safety	30	30	30	30	30
<b>Total</b>	<b>750</b>	<b>1,382</b>	<b>1,070</b>	<b>973</b>	<b>250</b>

## 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 38.

2016 was a difficult year, after a very successful 2015, with turnover dropping due to poor results from the Refectory and Conference Centre. Once again, this appeared to mirror the situation in the wider UK economy and, at least in the first half of the year, the uncertainty caused by the EU referendum.

Turnover for 2016 was £670,799 which is 5% down on 2015 (£709,027) which in turn was 10% up on 2014 (£644,167). The company made a gift-aided donation of their profits of £245,416 (down 24% from £321,575 in 2015) which was a very disappointing result.

#### *Conferences and Special Events*

Conference and event business suffered considerably with the economic uncertainty in the first half of the year with profits down by 42% compared with 2015. Although the sales team are working hard to secure new clients from the commercial sector, a large proportion of our business comes from the public and not-for-profit sectors. While these bring in valuable repeat business, in order to maintain the required level of profitability, the team, led by the Development Director, Rose Harding, continue to work on breaking into the commercial market that is largely dominated by agencies who are contracted to source conference space for large companies and organisations.

Special events business, in contrast, had another very successful year with a number of high profile events across the year bringing in nearly £110,000 in income. Overall, conferences and events delivered £147,610 in profit compared to a budget of £206,037.

#### *Shop*

The shop delivered a small profit in 2016. Visitor numbers were up, as they were across London and the entrance arrangements introduced in July 2015, whereby most visitors entered the west end of Lancelot's Link adjacent to the Shop, led to an increase in customers. The Shop made a profit of £3,986 compared to £5,063 in 2015. Jon Dollin, Shop Manager, and his team of paid and voluntary staff, have worked extremely hard to develop a popular range of goods that sell well with visitors and congregation members alike. The Doorkins Cat range continues to be phenomenally successful. Turnover in 2016 was £181,440, up 12% on 2015 (£162,918).

#### *Refectory*

Catering in the Refectory is provided by Elior UK under a contract that runs until 2019. The team, led at first by Nadine Biayi, and, from the autumn by Davina Cox, have produced mixed results during the year. The standards of food and service fell sharply in April following the poorly-judged introduction of a new menu that did not work for many of our regulars. The lack of a summer offer in the Courtyard also diminished public sales which fell sharply in the Refectory over the course of 2016. Davina Cox introduced a number of badly-needed improvements following her arrival in October and a measure of consistency in service and food quality has returned. However, the Board are closely monitoring Elior's performance and will continue to do so throughout the coming year. The results for the branch as a whole were very disappointing after a very good 2015. We received 25% less in rental than we had in 2015 (rental is based on a percentage of public and event catering sales). Behind the headline figure of £88,888 which Elior UK delivered to the company in the form of concession rent (in 2015 £106,919), it should be borne in mind that the Refectory is a business with a turnover of nearly £650,000 in 2016 providing employment for a large team of staff.

#### *Tourism*

The number of tourists and the amount of income generated by tours was slightly higher in 2016 than the previous year. The new Visits and Tours Officer, Ruth Miller is working on a number of ideas to bring new groups to the Cathedral and to market historic walks in the area and talks by local historians.

#### *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. However, the number of regular clients using our parking spaces has declined in recent years and the business is no longer covering its costs. Its future is being reviewed early in 2017.

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.

In 2015, the directors issued a warning that the use to which the Cathedral site can be put for special events was beginning to reach saturation point and that future turnover will probably increase more slowly in subsequent years than has been the case recently as there is only so much space in the Cathedral diary that can be used. This continues to be the case but also highlights the need to increase income from conferences in the rooms in the Millennium Buildings where there is spare capacity. The Board continue to work closely with the sales team to pursue every possible lead and initiative to increase turnover in this area of their activities.

Finally, the Board also wish to express their thanks to all the staff and volunteers who have worked so hard to generate income.

## **Deficit funds**

The following account was in deficit at 31<sup>st</sup> December 2016 which appears in Note 16 'Restricted Funds' on page 46:

### **The Millennium Project Account**

At 31<sup>st</sup> December 2016 there was a deficit on the Millennium Project Account of £220,130. 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 undertook a major review of their respective risk registers during 2015 and continue to review risks throughout the year.

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

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



**Andrew Nunn**  
Dean

29<sup>th</sup> March 2017



## **Report from the Fabric Advisory Committee**

The FAC met four times in 2016 under the Chairmanship of the Revd Canon Charles Pickstone. The Dean missed two of the meetings as he was away on sabbatical and his place was taken by Canon Michael Rawson. The March meeting was the last of the previous Quinquennium and the membership was reconstituted in consequence. Three members with service of up to 25 years on the Committee stood down: Peter Draper, Jane Heath and Sir Donald Insall. They have been replaced by Claire Reed, Phillida Shaw and Maurice Howard, but there is still a vacancy for a Conservation Architect. Nathalie Cohen resigned as Cathedral Archaeologist and her place has been taken by Dr Jackie Hall.

Items approved by the FAC in 2016 include: hanging of the London Fire Brigade standards, an updated proposal for the re-hanging of the Cathedral bells, and further work on the Cathedral roof.

Other matters considered by the FAC covered the Care of the Cathedral's historic books and ongoing work on the conservation of the Cathedral's monuments. In the latter case the work by students of the City and Guilds of London Art School has come to a temporary halt but it is hoped that it can resume.

FAC has maintained its watching brief on local planning applications and schemes that could affect the setting of the Cathedral, in an area, and era, of rapid developments, the main item this year being a plan by the Borough Market Trustees for 1 Cathedral Street. The FAC continues to monitor changes to the Cathedral access arrangements and looks forward to a proposal for step-free access at the west end of Lancelot's Link.

**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 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheets, the Consolidated Statement of Cash Flows 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) including FRS102 'The Financial Reporting Standard Applicable in the United Kingdom and Ireland'.

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 31 December 2016 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

## Matters on which we are required to report by exception

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

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

Kingston Smith LLP

**Kingston Smith LLP**

Statutory Auditors

Devonshire House

60 Goswell Road

London

EC1M 7AD

29 March 2017

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

# Southwark Cathedral

## Consolidated Statement of Financial Activities for the year ended 31 December 2016

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2016	Total Funds 2015
		£	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>	2					
Donations and Legacies		606,355	230,164	-	836,519	917,413
Grants in support of mission		7,000	202,313	35,000	244,313	218,049
Charges and fees arising in course of mission		221,851	8,476	-	230,327	244,950
Trading and fundraising		670,799	-	-	670,799	709,027
Investments		125,845	17,755	-	143,600	148,073
Other income		250	-	-	250	228
<b>Total Income</b>		<u>1,632,100</u>	<u>458,708</u>	<u>35,000</u>	<u>2,125,808</u>	<u>2,237,740</u>
<b>EXPENDITURE ON:</b>	3,4					
Raising Funds		558,742	27,420	-	586,162	561,495
<b>Charitable Activities:</b>						
Ministry		420,260	188,195	-	608,455	620,982
Cathedral and precincts upkeep		531,181	153,074	-	684,255	805,692
Education and outreach		71,241	84,519	-	155,760	152,939
Community, parish and congregation		70,752	1,793	-	72,545	44,250
Other expenditure		3,130	-	-	3,130	6,633
<b>Total Expenditure</b>		<u>1,655,306</u>	<u>455,001</u>	<u>-</u>	<u>2,110,307</u>	<u>2,191,991</u>
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS</b>		<b>(23,206)</b>	3,707	35,000	15,501	45,749
Net gains on investments	6	-	1,837	48,619	50,456	6,495
<b>Net income/(expenditure)</b>		<b>(23,206)</b>	5,544	83,619	65,957	52,244
<b>Gross transfers between funds</b>		5	(5)	-	-	-
<b>Net movements in funds</b>		<b>(23,201)</b>	5,539	83,619	65,957	52,244
<b>Reconciliation of funds:</b>						
Total Funds brought forward		957,112	(166,874)	16,368,945	17,159,183	17,106,939
<b>Total Funds carried forward</b>		<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>

All operations are continuing.

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

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

# Southwark Cathedral

## Consolidated Balance Sheet as at 31 December 2016

	Note	Unrestricted	Restricted	Endowment	Total Funds 2016 £	Total Funds 2015 £
<b>Fixed Assets</b>						
Investment assets	6	700,000	18,394	669,406	1,387,800	1,302,344
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	91,310	-	-	91,310	112,593
		<u>791,310</u>	<u>18,394</u>	<u>15,919,406</u>	<u>16,729,110</u>	<u>16,664,937</u>
<b>Current Assets</b>						
Property	7	-	-	-	-	-
Stocks		27,909	-	-	27,909	26,592
Deposits and cash		477,526	73,145	-	550,671	516,905
Debtors	9	164,906	4,483	-	169,389	210,227
		<u>670,341</u>	<u>77,628</u>	<u>-</u>	<u>747,969</u>	<u>753,724</u>
<b>Liabilities due within one year</b>						
Creditors	10	<u>(236,312)</u>	<u>(15,627)</u>	<u>-</u>	<u>(251,939)</u>	<u>(259,478)</u>
<b>Net Current Assets</b>		<u>434,029</u>	<u>62,001</u>	<u>-</u>	<u>496,030</u>	<u>494,246</u>
<b>Total Assets less Current Liabilities</b>		1,225,339	80,395	15,919,406	17,225,140	17,159,183
<b>Liabilities due after one year</b>						
Inter-fund loan		<u>(291,428)</u>	<u>(241,730)</u>	533,158	-	-
Loans	11	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total net Assets</b>		<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>
<b>The funds of the Cathedral:</b>						
General Fund	16-18	318,909	-	-	318,909	322,020
Choir Funds		-	51,119	665,006	716,125	623,074
Pastoral & Parochial Account		-	-	-	-	-
Millennium Project		-	<u>(220,130)</u>	-	<u>(220,130)</u>	<u>(220,130)</u>
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Capital Account		-	-	-	-	-
Property Fund		607,173	7,676	537,558	1,152,407	1,175,138
Southwark Cathedral Enterprises		7,829	-	-	7,829	9,081
<b>Total Cathedral funds</b>		<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>

# Southwark Cathedral

## Cathedral Balance Sheet as at 31 December 2016

	Note	Unrestricted	Restricted	Endowment	Total Funds 2016 £	Total Funds 2015 £
<b>Fixed Assets</b>						
Investment assets	6	700,000	18,394	669,406	1,387,800	1,302,344
Subsidiary undertaking	5	107,829	-	-	107,829	109,081
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	87,030	-	-	87,030	106,172
		<u>894,859</u>	<u>18,394</u>	<u>15,919,406</u>	<u>16,832,659</u>	<u>16,767,597</u>
<b>Current Assets</b>						
Property	7	-	-	-	-	-
Stocks		-	-	-	-	-
Deposits and cash		334,889	73,145	-	408,034	331,212
Debtors	9	123,442	4,483	-	127,925	227,102
		<u>458,331</u>	<u>77,628</u>	<u>-</u>	<u>535,959</u>	<u>558,314</u>
<b>Liabilities due within one year</b>						
Creditors	10	(127,851)	(15,627)	-	(143,478)	(166,728)
<b>Net Current Assets</b>		<u>330,480</u>	<u>62,001</u>	<u>-</u>	<u>392,481</u>	<u>391,586</u>
<b>Total Assets less Current Liabilities</b>		<u>1,225,339</u>	<u>80,395</u>	<u>15,919,406</u>	<u>17,225,140</u>	<u>17,159,183</u>
<b>Liabilities due after one year</b>						
Inter-fund loan		(291,428)	(241,730)	533,158	-	-
Loans	11	-	-	-	-	-
<b>Total net Assets</b>		<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>
<b>The funds of the Cathedral:</b>						
	16-18					
General Fund		318,909	-	-	318,909	322,020
Choir Funds		-	51,119	665,006	716,125	623,074
Pastoral & Parochial Account		-	-	-	-	-
Millennium Project		-	(220,130)	-	(220,130)	(220,130)
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Capital Account		-	-	-	-	-
Property Fund		607,173	7,676	537,558	1,152,407	1,175,138
Southwark Cathedral Enterprises		7,829	-	-	7,829	9,081
<b>Total Cathedral funds</b>		<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>

Approved by the Chapter and authorised for issue on 29 March 2017



**Andrew Nunn**  
Dean

## Southwark Cathedral

### Consolidated Statement of Cash Flows as at 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Net Cash (used)/provided by operating activities	21	(72,049)	1,289
<b>Cash flows from investing activities:</b>			
Rent received net of costs		124,583	117,032
Investment income received net of costs		19,017	31,041
Purchase of property, plant and equipment		(37,785)	(80,526)
Net Cash provided by investing activities		105,815	67,547
<b>Cash flows from financing activities:</b>			
Repayment of borrowing		-	(80,000)
Net cash used in financing activities		-	(80,000)
Change in cash and cash equivalents in the reporting period		33,766	(11,164)
Cash and cash equivalents at the beginning of the reporting period		516,905	528,069
Cash and cash equivalents at the end of the reporting period		550,671	516,905

# Southwark Cathedral

## Notes to the Consolidated Financial Statements

### I Accounting Policies

#### **Basis of preparation of the consolidated financial statements**

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

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

#### **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 Cathedral members or groups that owe their main affiliation to another body.

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

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

#### **Legacies and Donations**

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

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

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

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

#### **Grants Receivable**

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

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

### **Expenditure**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure on raising funds comprises the costs associated with fundraising and trading. Charitable expenditure comprises those costs incurred by the Cathedral in the delivery of its mission. Direct costs represent all costs which directly relate to a single activity. Support costs, including governance 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 FRS102, 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, are 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 31<sup>st</sup> December 2010 which was based on the expected arms-length open-market value of the site. A valuation was carried out at 1<sup>st</sup> January 2014 and the revaluation gain was included in the Statement of Financial Activities. No material change in value occurred in 2016 in the opinion of the Chapter members.

### **Non-investment Property**

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

### **Investments**

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



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

### **Stocks**

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

### **Funds**

Funds are classified between endowments, restricted and unrestricted in accordance with the legal constraints on their use, and the consequent degree of flexibility which the Chapter has on using the income 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.

### **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.

### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition

of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### **Judgements and key sources of estimation uncertainty**

In the application of the Cathedral's accounting policies, the Chapter members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The Group uses the valuation performed by its independent valuers as the fair value of its investment and non-investment properties. The valuation is based upon the key assumptions of estimated rental values and market based yields. With regard to redevelopments and refurbishments, future development costs and an appropriate discount rate are also used. In determining fair value the valuers make reference to market evidence and recent transaction prices for similar properties.

Details of the valuation methodology and key assumptions are given in note 7. The Chapter consider the significant assumptions to the valuation of investment properties to be estimated rental values and market based yields.

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- a. current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- b. recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- c. discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the carrying values and key assumptions used for the fair value measurement, are given in note 7 to the financial statements.

## Year to 31 December 2016

### 2 Income and Endowments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
<b>Donations and Legacies</b>				
Congregational collections and giving	293,048	48,059	-	341,107
Donations and fundraising appeals	94,657	47,564	-	142,221
Tax recoverable under Gift Aid	60,362	3,122	-	63,484
Income from Friends and local trusts	66,773	131,419	-	198,192
Legacies	91,515	-	-	91,515
	<u>606,355</u>	<u>230,164</u>	<u>-</u>	<u>836,519</u>
<b>Grants in Support of mission</b>				
Church Commissioners	-	197,538	-	197,538
Other revenue and capital grants	7,000	4,775	35,000	46,775
	<u>7,000</u>	<u>202,313</u>	<u>35,000</u>	<u>244,313</u>
<b>Charges and fees arising in the course of mission</b>				
Facility and other fees	221,851	8,476	-	230,327
<b>Trading and fundraising activities</b>				
Gross income of shop, refectory and other activities	670,799	-	-	670,799
<b>Investments</b>				
Income from investment Property	124,583	-	-	124,583
Income from other Investments	536	17,755	-	18,291
Interest receivable on short term deposits	726	-	-	726
	<u>125,845</u>	<u>17,755</u>	<u>-</u>	<u>143,600</u>
<b>Other income</b>				
Insurance recoveries	250	-	-	250
Other items	-	-	-	-
	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
<b>Total 2016</b>	<u><u>1,632,100</u></u>	<u><u>458,708</u></u>	<u><u>35,000</u></u>	<u><u>2,125,808</u></u>

2 Income and Endowments (continued)

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

## Year to 31 December 2016

### 3 Expenditure on raising funds

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total Funds 2016</b>
	£	£	£	£
Costs of facilities for visitors	92,770	5,379	-	98,148
Gross costs of shop, refectory and other activities	426,635	-	-	426,635
Costs of appeals and fund raising	1,735	22,041	-	23,776
Let property costs	37,602	-	-	37,602
	<u>558,742</u>	<u>27,420</u>	<u>-</u>	<u>586,162</u>

### 4 Other expenditure

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total Funds 2016</b>
	£	£	£	£
<b>Ministry</b>				
Clergy stipends and working expenses	14,860	131,485	-	146,345
Clergy housing costs	70,144	-	-	70,144
Clergy support costs	78,681	9,727	-	88,408
Services, music and congregational costs	256,575	46,983	-	303,558
	<u>420,260</u>	<u>188,195</u>	<u>-</u>	<u>608,455</u>
<b>Cathedral and precincts upkeep</b>				
Major repairs and restoration	-	116,672	-	116,672
Vergers and interior upkeep	272,614	12,186	-	284,800
Cathedral insurance	47,360	-	-	47,360
Precincts, security and gardens upkeep	14,505	732	-	15,237
Support costs (see below)	196,702	23,484	-	220,186
	<u>531,181</u>	<u>153,074</u>	<u>-</u>	<u>684,255</u>
<b>Education and outreach</b>				
Educational activities	30,575	1,793	-	32,368
Charitable and other giving	40,666	82,726	-	123,392
	<u>71,241</u>	<u>84,519</u>	<u>-</u>	<u>155,760</u>
<b>Community, parish and congregation</b>	<u>70,752</u>	<u>1,793</u>	<u>-</u>	<u>72,545</u>
<b>Other expenditure</b>				
Interest and similar charges payable	3,130	-	-	3,130
Other items	-	-	-	-
	<u>3,130</u>	<u>-</u>	<u>-</u>	<u>3,130</u>
<b>Total 2016</b>	<u>1,655,306</u>	<u>455,001</u>	<u>-</u>	<u>2,110,307</u>

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £14,666.

## Year to 31 December 2015

### 3 Expenditure on raising funds

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

### 4 Other expenditure

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

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £15,430.

## 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:

	2016 £	2015 £
Turnover	670,799	709,027
Cost of sales	<u>(124,837)</u>	<u>(112,412)</u>
<b>Gross Profit</b>	545,962	596,615
Other Operating Costs	<u>(301,798)</u>	<u>(276,097)</u>
Profit transferred to the Cathedral	<u>(245,416)</u>	<u>(321,575)</u>
<b>Retained loss for the year</b>	<u>(1,252)</u>	<u>(1,057)</u>
Accumulated profit brought forward	9,081	10,138
Accumulated profit carried forward	<u>7,829</u>	<u>9,081</u>
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>107,829</u></u>	<u><u>109,081</u></u>

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

## 6 Investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Market value at 1st January 2016	700,000	16,557	585,787	1,302,344
Additions			35,000	35,000
Net Increase on revaluation	<u>-</u>	<u>1,837</u>	<u>48,619</u>	<u>50,456</u>
Market value at 31st December 2016	<u><u>700,000</u></u>	<u><u>18,394</u></u>	<u><u>669,406</u></u>	<u><u>1,387,800</u></u>
CBF Investment Fund shares	-	18,394	-	18,394
Investec Wealth and Investment portfolio	-	-	669,406	669,406
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>18,394</u></u>	<u><u>669,406</u></u>	<u><u>1,387,800</u></u>



## 7 Non-Investment Property

<b>Cost or Valuation</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st January 2016	-	-	15,250,000	15,250,000
At 31st December 2016	-	-	15,250,000	15,250,000

<b>Endowment Funds</b>	<b>Total Funds</b>
<b>£</b>	<b>£</b>

Non-investment properties are held and used as follows:

At 1st January 2016		
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:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
The Deanery, 50/51 Bankside, SE1	3,750,000	3,750,000
52 Bankside, SE1	1,500,000	1,500,000
Montague Chambers, Montague Close, SE1	2,500,000	2,500,000
All Hallows' Vicarage, 2 Copperfield Street, SE1	2,250,000	2,250,000
St. Paul's Vicarage, 54 Kipling Street, SE1	2,650,000	2,650,000
73 St. George's Road, SE1	1,100,000	1,100,000
7 Temple West Mews, SE11	1,500,000	1,500,000
	<u>15,250,000</u>	<u>15,250,000</u>

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

Montague Chambers is subject to a legal charge in favour of the Millennium Commission in connection with grant funding.

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

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

## 8 Equipment and Plant

<b>Group</b>	<b>Computer Equipment</b>	<b>Nave Chairs</b>	<b>Other Assets</b>	<b>Total</b>
<b>Cost</b>				
At 1st January 2016	101,562	153,358	522,787	777,707
Additions	-	-	37,785	37,785
At 31st December 2016	<u>101,562</u>	<u>153,358</u>	<u>560,572</u>	<u>815,492</u>
<b>Depreciation</b>				
At 1st January 2016	88,959	153,358	422,798	665,115
Charge for the year	6,302	-	52,766	59,068
At 31st December 2016	<u>95,261</u>	<u>153,358</u>	<u>475,564</u>	<u>724,183</u>
<b>Net Book Value</b>				
At 31st December 2016	<u>6,301</u>	<u>-</u>	<u>85,008</u>	<u>91,309</u>
At 31st December 2015	<u>12,603</u>	<u>-</u>	<u>99,989</u>	<u>112,592</u>
<b>Cathedral</b>				
<b>Cost</b>				
At 1st January 2016	92,664	153,358	441,269	687,291
Additions	-	-	37,785	37,785
At 31st December 2016	<u>92,664</u>	<u>153,358</u>	<u>479,054</u>	<u>725,076</u>
<b>Depreciation</b>				
At 1st January 2016	80,061	153,358	347,700	581,119
Charge for the year	6,302	-	50,625	56,927
At 31st December 2016	<u>86,363</u>	<u>153,358</u>	<u>398,325</u>	<u>638,046</u>
<b>Net Book Value</b>				
At 31st December 2016	<u>6,301</u>	<u>-</u>	<u>80,729</u>	<u>87,030</u>
At 31st December 2015	<u>12,603</u>	<u>-</u>	<u>93,569</u>	<u>106,172</u>

## 9 Debtors

	Group		Cathedral	
	2016 £	2015 £	2016 £	2015 £
Trade debtors and users of facilities	141,068	172,444	49,206	76,064
Amounts owed by group undertaking	-	-	50,398	113,255
Other debtors and accrued income	10,706	14,968	10,706	14,968
VAT	8,781	4,124	8,781	4,124
Prepayments	8,834	18,691	8,834	18,691
	<u>169,389</u>	<u>210,227</u>	<u>127,925</u>	<u>227,102</u>

## 10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2016 £	2015 £	2016 £	2015 £
Tax and social security costs	41,869	39,148	16,870	18,499
Trade creditors	63,457	91,170	53,830	74,963
Accruals	62,383	59,620	53,934	49,958
Deferred Income	70,176	50,016	4,790	4,100
Other creditors	14,054	19,524	14,054	19,208
	<u>251,939</u>	<u>259,478</u>	<u>143,478</u>	<u>166,728</u>

## 11 Chapter and Employees

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

In both 2016 and 2015, one employee received remuneration in the £60,000 to £69,999 band. Pension contributions in respect of this employee were £3,187 (2014 – £3,043).

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

	2016	2016	2015	2015
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	1
Administrative staff	5	2	5	2
Music department	2	8	2	8
Vergers department	4	1	4	1
Works department	1	4	1	4
Visitors	-	4	1	3
Subsidiary undertaking	4	2	4	2
	<u>19</u>	<u>22</u>	<u>20</u>	<u>21</u>

	2016	2015
	£	£
<b>Employee costs for the year</b>		
Salaries and stipends	665,322	632,230
Employer's national insurance costs	56,924	53,790
Employer's pension contributions	32,314	26,487
	<u>754,560</u>	<u>712,507</u>

## Emoluments of Chapter members (Key Management Personnel)

	2016	2015
	£	£
Dean	34,850	34,290
Sub Dean	27,383	26,880
Canon Residentiary	27,383	26,880
Comptroller	63,751	62,541
	<u>153,367</u>	<u>150,591</u>

## Expenses of ex-officio Chapter members

Number receiving expenses	4	4
Services (telephone, electricity etc)	1,519	1,170
Travel	1,863	1,677
Hospitality	11,383	15,262
Other	635	628
	<u>15,400</u>	<u>18,737</u>

## 12 Pensions

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

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

Employees of Southwark Cathedral are enrolled in the Pension Builder Classic Scheme of the CWPF which is classed as a defined benefit scheme. The Cathedral contributes up to a matching 5% of the member's basic salary. The total charge included in these accounts, including Clergy, is £62,335 (2015 - £55,893).

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

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

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

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

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

### 13 Auditors' Remuneration

	2016	2015
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,750	15,750
- Non audit services	1,800	2,050
	<u>17,550</u>	<u>17,800</u>

### 14 Commitments under Operating Leases

At 31<sup>st</sup> December 2016 the Chapter was committed to making the following total minimum lease payments under non-cancellable operating leases on office equipment in the year to 31<sup>st</sup> December 2017:

	2016	2015
	£	£
Payments due within one year	13,431	13,431
Payments due between one and two years	13,078	13,078
Payments due between two and five years	6,511	6,511
	<u>33,020</u>	<u>33,020</u>

The Cathedral is committed to making payments of approximately £62,000 following completion of the project to re-hang the bells in the tower. The Chapter signed a contract with the principal contractor, John Taylor & Co, for £139,696 in July 2016 of which £78,079 had been paid by 31 December 2016 with the balance due on completion in Spring 2017. A further contract for project management services connected with the re-hanging of the bells was signed with the Morton Partnership for £7,980 of which £5,707 had been paid by 31 December 2016 with a further £2,273 due on completion. A grant from the Southwark Cathedral Development Trust will cover the total cost (excluding VAT which can be reclaimed) of the above works.

## 15 Unrestricted Funds

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

### Year to 31 December 2016

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donation and Legacies	606,355	-	-	606,355
Grants in support of mission	7,000	-	-	7,000
Charges and fees arising in course of mission	221,851	-	-	221,851
Trading and fundraising	-	670,799	-	670,799
Investments	125,845	-	-	125,845
Other income	250	-	-	250
<b>Total income</b>	<b>961,301</b>	<b>670,799</b>	<b>-</b>	<b>1,632,100</b>
<b>EXPENDITURE ON:</b>				
Raising Funds	132,107	426,635	-	558,742
<b>Charitable Activities:</b>				
Ministry	420,260	-	-	420,260
Cathedral and precincts upkeep	512,343	-	18,838	531,181
Education and outreach	71,241	-	-	71,241
Community, parish and congregation	70,752	-	-	70,752
Other expenditure	3,130	-	-	3,130
<b>Total Expenditure</b>	<b>1,209,833</b>	<b>426,635</b>	<b>18,838</b>	<b>1,655,306</b>
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS</b>	<b>(248,532)</b>	<b>244,164</b>	<b>(18,838)</b>	<b>(23,206)</b>
Net gains on Investments	-	-	-	-
<b>Net income/(expenditure)</b>	<b>(248,532)</b>	<b>244,164</b>	<b>(18,838)</b>	<b>(23,206)</b>
<b>Gross transfers between funds</b>	<b>245,421</b>	<b>(245,416)</b>	<b>-</b>	<b>5</b>
<b>Other recognised gains/(losses)</b>				
Gains on revaluation of fixed assets	-	-	-	-
<b>Net Movement in Funds</b>	<b>(3,111)</b>	<b>(1,252)</b>	<b>(18,838)</b>	<b>(23,201)</b>
Funds brought forward	322,020	9,081	626,011	957,112
<b>Total Funds Carried Forward</b>	<b>318,909</b>	<b>7,829</b>	<b>607,173</b>	<b>933,911</b>

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.

## 15 Unrestricted Funds (continued)

### Year to 31 December 2015

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

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

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

## 16 Restricted Income Funds

Year to 31 December 2016

	Choir Funds £	Other Restricted Income £	Property Fund £	Millennium Project Account £	Total £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donation and Legacies	19,903	101,000	109,261	-	230,164
Grants in support of mission	3,875	197,538	900	-	202,313
Charges and fees arising in course of mission	8,476	-	-	-	8,476
Trading and fundraising	-	-	-	-	-
Investments	17,469	286	-	-	17,755
Other income	-	-	-	-	-
<b>Total income</b>	<b>49,723</b>	<b>298,824</b>	<b>110,161</b>	<b>-</b>	<b>458,708</b>
<b>EXPENDITURE ON:</b>					
Raising Funds	22,041	5,379	-	-	27,420
<b>Charitable Activities:</b>					
Ministry	17,464	170,731	-	-	188,195
Cathedral and precincts upkeep	-	36,402	116,672	-	153,074
Education and outreach	-	84,519	-	-	84,519
Community, parish and congregation	-	1,793	-	-	1,793
Other expenditure	-	-	-	-	-
<b>Total Expenditure</b>	<b>39,505</b>	<b>298,824</b>	<b>116,672</b>	<b>-</b>	<b>455,001</b>
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS</b>	<b>10,218</b>	<b>-</b>	<b>(6,511)</b>	<b>-</b>	<b>3,707</b>
Net gains on Investments	-	-	1,837	-	1,837
<b>Net income(expenditure)</b>	<b>10,218</b>	<b>-</b>	<b>(4,674)</b>	<b>-</b>	<b>5,544</b>
<b>Gross transfers between funds</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5)</b>
<b>Other recognised gains/(losses)</b>					
Gains on revaluation of fixed assets	-	-	-	-	-
<b>Net Movement in Funds</b>	<b>10,213</b>	<b>-</b>	<b>(4,674)</b>	<b>-</b>	<b>5,539</b>
Funds brought forward	40,906	-	12,350	(220,130)	(166,874)
<b>Total Funds Carried Forward</b>	<b>51,119</b>	<b>-</b>	<b>7,676</b>	<b>(220,130)</b>	<b>(161,335)</b>



## 16 Restricted Income Funds (continued)

Year to 31 December 2015

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

The transfer to the Millennium Project Account represents the release of the Capital Account Endowment Fund as explained in note 17.

## 17 Endowment Funds

Year to 31 December 2016

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
<b>INCOME AND ENDOWMENTS FROM:</b>				
Donation and Legacies	-	-	-	-
Grants in support of mission	-	-	35,000	35,000
Charges and fees arising in course of mission	-	-	-	-
Trading and fundraising	-	-	-	-
Investments	-	-	-	-
Other income	-	-	-	-
<b>Total income</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>35,000</b>
<b>EXPENDITURE ON:</b>				
Raising Funds	-	-	-	-
<b>Charitable Activities:</b>				
Ministry	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-
Education and outreach	-	-	-	-
Community, parish and congregation	-	-	-	-
Other expenditure	-	-	-	-
<b>Total Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS</b>				
	-	-	35,000	35,000
Net gains on Investments	-	781	47,838	48,619
<b>Net income(expenditure)</b>	<b>-</b>	<b>781</b>	<b>82,838</b>	<b>83,619</b>
<b>Gross transfers between funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Gains on revaluation of fixed assets	-	-	-	-
<b>Net movement in funds</b>	<b>-</b>	<b>781</b>	<b>82,838</b>	<b>83,619</b>
Funds brought forward	15,250,000	536,777	582,168	16,368,945
<b>Total Funds Carried Forward</b>	<b>15,250,000</b>	<b>537,558</b>	<b>665,006</b>	<b>16,452,564</b>

## 17 Endowment Funds (continued)

Year to 31 December 2015

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

The transfer from the Capital Account represents the release of funds that had historically recorded as capital receipts but with no known restriction as to their application. In practice, these funds were expended on the Millennium Project building works and accordingly the Chapter resolved to release the Capital Account balance to reduce the deficit on the Millennium Project Account in note 16.

## 18 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 £537,588 (2015 - £536,777). The balance of the restricted element of the fund at the year end is £7,676 (2015 – £12,350). The unrestricted element of the fund stands at £607,173 (2015 - £626,011) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage and amounts designated by the Chapter for major building work totalling £124,492 (2015 - £147,336).

### ***Millennium Project Account***

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

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

### ***Buildings Fund***

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals. The value of this fund at 31<sup>st</sup> December 2016 stands at £15,250,000 following the revaluation of Cathedral properties during 2014.

### ***Capital Account***

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

### ***Choirs Endowment Fund***

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

### ***Property Endowment Fund***

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

### ***Choristers Funds***

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

### ***General Revenue Account***

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

## 19 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £
<b>Fund balances at 31st December 2016 are represented by:</b>				
Tangible fixed assets	91,310	-	15,250,000	15,341,310
Investments	700,000	18,394	669,406	1,387,800
Current Assets	670,341	77,628	-	747,969
Current Liabilities	(236,312)	(15,627)	-	(251,939)
Long term liabilities	-	-	-	-
Inter-fund loan	(291,428)	(241,730)	533,158	-
Total net assets	933,911	(161,335)	16,452,564	17,225,140

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

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

## 20 Connected Charities

The entities listed on the following page, 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 2016 with the exception of the Friends of Southwark Cathedral where the figures relate to the accounting year ending 31 December 2015.

	<b>Trustees of the Rectory of St Saviour</b>	<b>Friends of Southwark Cathedral</b>	<b>Development Trust</b>
	£	£	£
Gross income	473	47,808	165,063
Net income before amounts paid to Cathedral	473	23,271	132,842
Amounts paid to Cathedral	-	16,562	124,361
Gross assets	64,852	285,055	310,287
Net assets	64,852	272,039	276,632

The amounts received from these connected charities were somewhat different from those received in 2014 when the Development Trust made grants totalling £240,957 towards various fabric works, financial support for the choirs and social mission work (for further information see the Fundraising section on page 10). In the absence of a major fabric project in 2016 the level of grants were somewhat lower.

## 21 Cash flow notes

<b>Reconciliation of net income to net Cash flow from operating activities:</b>	<b>2016</b>	<b>2015</b>
	£	£
Net income for the reporting period (as per SOFA)	15,501	45,749
Adjustments for:		
Depreciation charges	59,068	93,113
Income added to Endowment capital	(35,000)	-
Income from property and investments	(143,600)	(148,073)
Decrease in stock	(1,317)	2,065
Decrease in debtors	40,838	15,044
Decrease in creditors	(7,539)	(6,609)
Net cash provided by/(used in) operating activities	<u>(72,049)</u>	<u>1,289</u>
Analysis of cash and cash equivalent	<b>2016</b>	<b>2015</b>
	£	£
Cash in hand/held as Investment	550,671	516,905
Total cash and cash equivalents	<u>550,671</u>	<u>516,905</u>

## 22 Financial instruments

	2016	2015	2016	2015
Carrying amount of financial assets	£	£	£	£
Debt instruments measured at amortised cost	<u>151,774</u>	<u>187,412</u>	<u>110,310</u>	<u>204,287</u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	<u>139,894</u>	<u>170,314</u>	<u>121,818</u>	<u>144,129</u>