

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2017

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

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Annual Report

Legal and Administrative Information

Full legal name and address

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

Administrative Body

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

The Very Revd Andrew Nunn, Dean
The Revd Canon Michael Rawson, Sub Dean and Canon Residentiary
The Revd Canon Dr Mandy Ford, Canon Residentiary
The Revd Canon Leanne Roberts, Canon Residentiary
The Revd Canon Gilly Myers, Canon Residentiary
Mr Matthew Knight, Comptroller
Mr Matthew Hall, Cathedral Warden
Mr Daniel Chumbley, Cathedral Warden
The Revd Canon Joabe Cavalcanti
Ms Gill Reynolds
Mr Peter Haddock
Mrs Helen Quintrell

In attendance:

The Revd Canon Wendy Robins, Honorary Curate and Cathedral Chaplain

There were a number of changes to Chapter membership during 2017. The Revd Canon Dr Stephen Hance resigned as a member following his appointment as Dean of Derby. His place remains vacant until the appointment of a new Canon Missioner. Ms Jill Tilley resigned following the completion of her term as Cathedral Warden. Her place was taken by the new warden, Daniel Chumbley. Mr Neil McGuinness resigned and his place was taken by Mrs Helen Quintrell who was elected to Chapter at the Annual Parochial Church Meeting in April 2017.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – *chairman*

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Daniel Chumbley

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Mrs Barbara Lane

Ms Stephanie Mills

Mr Pip Steen

In attendance:

Mrs Toyin Tukasi – *Cathedral Accountant*

Mrs Bridget Abbott – *secretary*

The Fabric Advisory Committee

The Revd Charles Pickstone – *chairman*

Mr Paul Appleton

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

Rapleys LLP

51 Great Marlborough Street

London

W1F 7JT

Insurers

Ecclesiastical Insurance Group

Beaufort House

Brunswick Road

Gloucester GL1 1JZ

Structure, Governance and Management

Governing Statutes

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

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

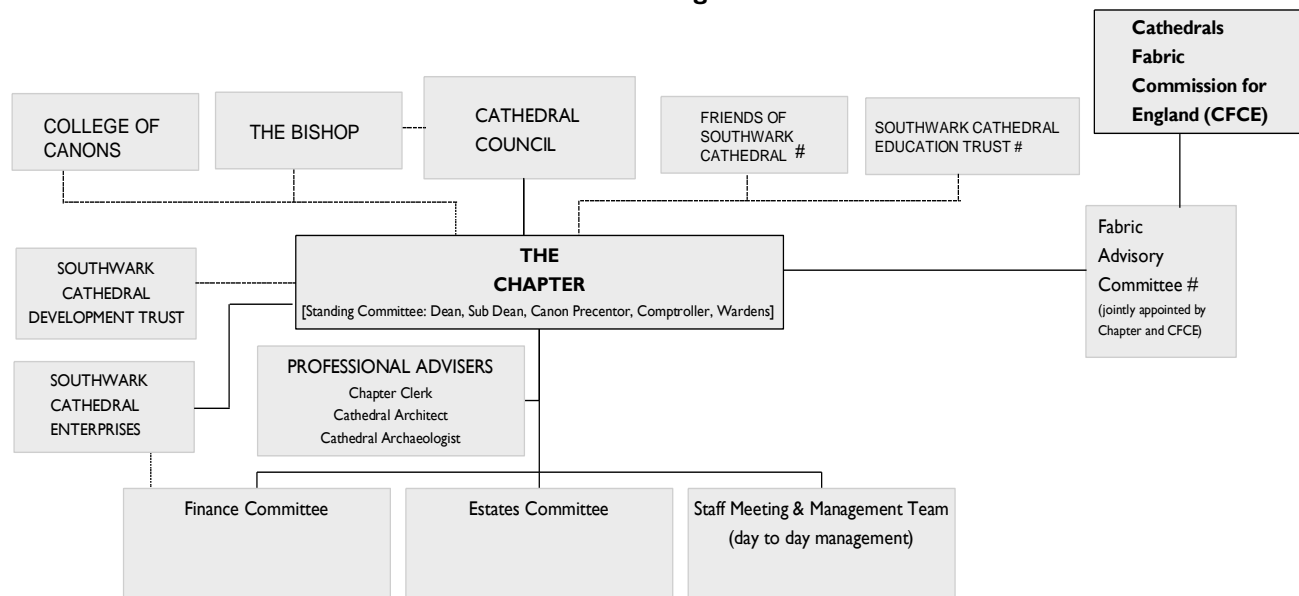
The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13 members: the Dean, the five Residentiary Canons and seven other ordained and lay members holding appointed or elected positions. Details of the members of Chapter are given on 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 Area Bishops and Archdeacons working in the Diocese sit as the **College of Canons**.

Southwark Cathedral Organisational Chart



Committees with external membership

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

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

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

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

- *Southwark Cathedral Enterprises Limited*
This company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking in Montague Close, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 27 and detailed in note 5 to the accounts on page 40.
- *The Southwark Cathedral Development Trust*
This registered charity, formed to raise funds for the Millennium Project, is now dedicated to the fundraising campaign. It has independent trustees and is not under the control of the Chapter. A summary of the financial performance of the Trust in 2017 is given in the Fundraising Report on page 10 and in note 20 to the accounts on page 54.

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 2017

There were a number of changes to the membership of the Cathedral Council. Helen Caruth was elected by the Cathedral staff to represent them on the Council from April 2017. Eric Collins was elected to the Council by the congregation at the Annual Parochial Church Meeting in April following the resignation of Emmanuel Kormi who became ineligible to be a member following his Ordination.

In April 2017, Jill Tilley resigned as a member of the Finance Committee and her place was taken by Daniel Chumbley her successor as Cathedral Warden.

Paul Appleton was appointed as a new member of the Fabric Advisory Committee.

Cathedral staff

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

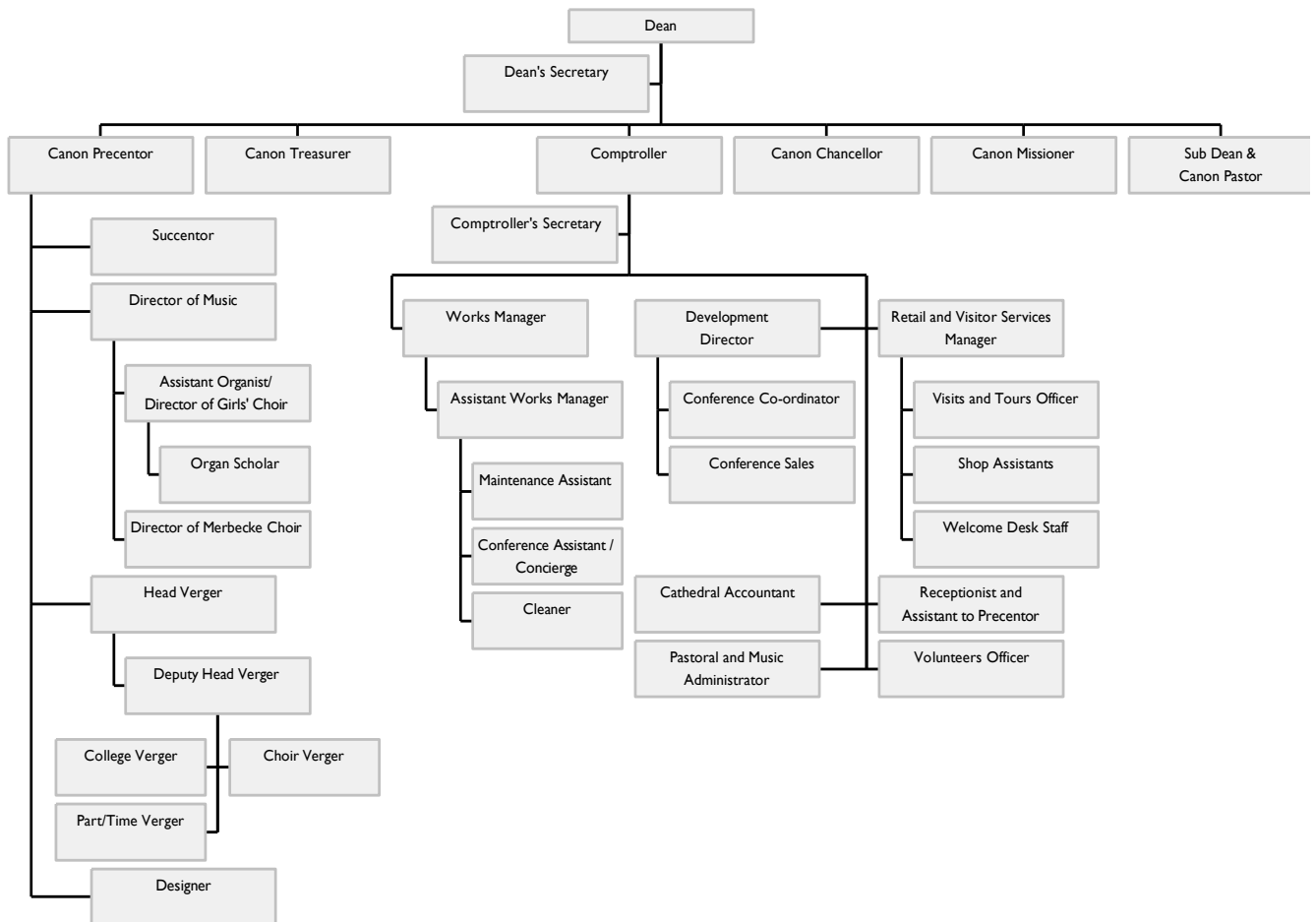
Matthew Knight – *Comptroller*
 Toyin Tukasi – *Cathedral Accountant*
 Peter Wright – *Director of Music*
 Paul Timms – *Head Verger*

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

There were several staff changes in 2017. Francesco Pecorari, Conference Salesperson, left in February and his successor in the role of Conference Sales Executive was Tim Charles. Following the departure of Karen Graves in December 2016, Emily Halton was appointed as the new Education Centre Administrator in January 2017.

Following his Ordination in July, David Adamson was appointed as a Curate working 60% of his time at St George the Martyr, 27% at St Hugh's and 13% at the Cathedral. He was given special responsibility for pastoral care, outreach and mission at the Tabard Estate which straddles St George the Martyr, St Hugh's and the Cathedral parishes.

Below is a chart showing the organisation of Cathedral staff. The number of employees is listed in Note 11 of the accounts on page 43, and a list of the voluntary roles appears on page 16.



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 2017, 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 many ways, 2017 was dominated by terrorist activity that cast a long shadow over our activities, particularly in the second half of the year. The attack on London Bridge and in the Borough Market on Saturday 3rd June led to the Cathedral being at the centre of a major crime scene and victims of the attack literally fell on our doorstep. The immediate aftermath meant that the Cathedral was closed for five days including Pentecost Sunday. Although the terrorists did not enter the Cathedral precincts, the Metropolitan Police did break through the doors at the west end of Lancelot's Link in the hunt for terrorist suspects. The physical damage (to doors in the Link and into the sacristy) was relatively minor but the emotional impact on our staff, volunteers and the congregation was profound. When staff returned to the Cathedral on Thursday 8th June we gathered together in the Retrochoir for a short act of worship to reclaim our sacred space and support each other in the difficult days that lay ahead.

In the weeks that followed, the clergy team were extremely busy working with the local community, especially those businesses directly affected by the attack. New relationships were formed in this period between the Cathedral and its neighbours which meant that some good came out of these tragic events. One of the ways in which we could engage with the different communities around us was by hosting a Grand Iftar in the Cathedral to mark the end of Ramadan. By coincidence, this event was scheduled just 12 days after the 3rd June attack and was a powerful symbol of reconciliation between communities.

In the months following the attack levels of tourism and business declined sharply. There was a gradual feeling of returning to normal in the last three months of the year but visitor numbers were still well below levels before the attack. This experience was mirrored in the Borough Market and other major tourist destinations in the area.

In July, The Prime Minister, Theresa May, and Malcolm Turnbull, Australian Prime Minister, paid a visit to the Cathedral to meet First Responders to the terrorist attack and on 13th December 2017 Their Royal Highnesses The Prince of Wales and the Duchess of Cornwall visited the Borough Market and attended a short Service of Light in the Cathedral together with the Archbishop of Canterbury. The service included music from the Gospel Choir of Saint Saviour's and St Olave's School and the Cathedral School Choir.

Earlier in the year, we were asked by the in-coming Metropolitan Police Commissioner, Cressida Dick, to respond to the terrorist attack on Westminster Bridge on 22nd March. The Cathedral was chosen by the Metropolitan Police as the venue for the "Full Honours" funeral for PC Keith Palmer who died from wounds received as he prevented a knife-wielding terrorist from entering the Palace of Westminster. The service assumed national importance with worldwide television coverage and was attended by representatives of government and opposition as well as a huge number of PC Palmer's police colleagues.

It would be easy to think that the entire year had been dominated by terrorism and its after-effects but there are some more positive events to record as well. In January, the peal of thirteen bells returned to the Cathedral after an absence of six months during which time they were refurbished and two of them re-cast. They were on display in the nave of the Cathedral during the Blessing of the Bells service prior to being raised up into the tower and re-positioned. The work carried out on the bells and the historic bell frame has made them an easier peal to ring and enabled the Southwark ringing team to host the National Bell Striking Competition in June.

In the autumn, the organ console was removed to Harrison and Harrison's workshops in Durham for a complete overhaul funded by a legacy from the estate of Joan Worker. The console returned in time for Advent with a new action and the latest digital technology installed. There is more work to do on the organ with a refurbishment of the pipework overdue. This will be the subject of a further fundraising campaign.

In August, a major project to re-roof the choir and carry out important repairs to the masonry at the east end of the Cathedral began. This was principally funded by the government's World War One Centenary Cathedrals Fabric Repair Fund which awarded a grant of £500,000. One of the most interesting aspects of the project was the involvement of carving students from the City & Guilds of London Art School who carved 42 new corbels to replace worn stonework at the roof level of the choir and east end. This work attracted additional funding from the Pilgrim Trust for which we are very grateful. An individual donor, Angela Crockatt, donated £30,000 towards the cost of replacing two pinnacles on the north choir aisle. The project is due to be completed in March 2018 and represents the latest stage of our rolling programme of work to re-roof the entire Cathedral. Since 2008, we have re-roofed every part of the Cathedral except the north-facing slope of the nave (which is still in good condition) at a cost of nearly £2 million, most of which was funded by the Cathedrals Fabric Repair Fund, the Wolfson Foundation and English Heritage together with grants from the Hedley Trust, the Garfield Weston Foundation and donations from congregational members. It is good to be able to report that the Cathedral is now watertight, an achievement that those who remember water running down the inside of the nave walls during heavy rain will appreciate.

We were very pleased to receive funding from the Friends of Southwark Cathedral for two important projects. The first of these, a new Cathedral website, was badly needed as the existing site was eight years old which is a lifetime in internet terms. Our new site, with magnificent new photography, a clear, simple design, and streamlined text, was launched in November and has received overwhelming approval from users.

The second project was to carry out an upgrade of the Cathedral's sound system. We know that many members of our congregation have been commenting for years on the poor quality of sound reproduction and notable "dead spaces" particularly at the front of the nave. Thanks to the Friends, our contractor R G Jones has been carrying out the necessary work to bring the sound system up to date with additional speakers at the front of the nave and in the choir and replacing the outdated equipment in the sound desk. This work should be finished in time for Holy Week and Easter 2018.

In 2017 we marked the long service of three members of staff. Paul Timms completed 25 years service as Head Verger; Stephen Disley 20 years as Assistant Organist and Director of the Girls' Choir and Bridget Abbott 25 years as Cathedral Secretary and, since 2012, Comptroller's Secretary. After 2016, which had been an unusual year in that we experienced a considerable amount of staff turnover for various unconnected reasons, we returned to our more normal pattern of a stable staff team. This team bring a sense of vocation and commitment to the Cathedral and most remain with us for many years. We are grateful for their long service and dedication without which so much of Cathedral life would be impossible.

In the second half of 2017, The Cathedrals Working Group was set up by the Archbishops of Canterbury and York. This was in response to the Bishops' Visitations at Peterborough and Exeter which highlighted failures in governance and financial management that needed to be addressed. We have been looking at our own governance procedures in advance of any recommendations from the Working Group. This will be a major piece of work for us in the coming year depending on how the report is received by the Archbishops' Council and the General Synod.

The Chapter remains 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. In November, the Chapter responded to an appeal from the Archdeacon of Southwark and increased the pledge for 2018 by 11% to £34,000. The Season of Gifts stewardship campaign at Epiphanytide in 2017 generated an increase in congregational giving but the majority of this came from a very small number of donors – just 27 of the 600 members of our electoral roll responded to the challenge to consider their levels of giving. We would encourage all members of the congregation to review their giving in the coming year to enable us to do new work, especially in education and mission.

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 2018 every department was asked to maintain a tight control over expenditure while trying not to affect the core work and mission of the Cathedral. We achieved a balanced budget for 2018 and it is the Chapter's intention to do the same in 2019.

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 Trust, which is a separate charity, successfully raised £959,651 in 2017. This was considerably higher than the £165,063 raised in 2016 and was due to two things: funding for the choir roof and masonry project brought in over £196,000 and a very substantial legacy from the estate of John Trevor Williams (who was for 20 years the volunteer Comptroller at the Cathedral) brought in £688,000. The Trustees are considering the best way in which this money can benefit the Cathedral through future grants. In addition, the Trust were successful in a grant application to the Pilgrim Trust for £25,000 to fund work by the City and Guilds of London art students for work in connection with the roof project, and received donations (previously pledged towards the bells project) from the Surrey Association Belfry Repair Fund (£20,000), the Ancient Society of College Youths (£18,000), the Heritage of London Trust (£7,000) and the Middlesex County Association & London Diocesan Guild of Church Bell Ringers (£5,000).

Overall in 2017, grants were made to the Cathedral of £341,423 for fabric works (principally the choir roof project), £86,310 to complete the project to re-hang the bells, and £25,444 for music (being the fourth 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 third annual grant from Morden College towards the cost of the Boys' Choir).

The day-to-day running costs of the Development Office were met by individual donations from the Sanderson Foundation who have supported our work now for many years and for which we are extremely grateful.

In the absence of a Development Officer, following two unsuccessful attempts to recruit in 2016, our fundraising efforts have been carried out by Cathedral staff supported by the Fundraising Panel which benefits enormously from the advice and support of Jennie Page and Richard Cornwell. We intend to try and recruit again in 2018 so that we can increase the capacity of the Development Office to undertake more concentrated fundraising work.

Review of progress and future plans

In 2016, the Chapter set out the following priorities for the year ahead:

- *undertake the reroofing of the Choir and carry out high-level masonry repair works following our successful application for grant money for this work*

The project began in July 2017 and is due to be completed by March 2018. It was fully funded by grants from the Cathedrals Fabric Repair Fund, the Pilgrim trust and private donations.

- *carry out the communications review and launch a new Cathedral website*

A Communications Review Group, chaired by Tony Piper, began meeting in January 2017 and has carried out a review of communications across Cathedral life. Following a successful workshop with key staff in March 2017, modelled on the National Trust's *Spirit of Place* exercise, we were able to distil the essence of what it is about Southwark that is unique and what we cherish. This will be useful in informing plans to commission a new branding exercise for the Cathedral in 2018. Throughout the year, Jon Dollin, Retail and Visitor Services Manager, and Ruth Miller, Visits and Tours Officer, worked tirelessly to ensure a new Cathedral website was launched in time for Advent. The new site is a great improvement on its predecessor with streamlined time, a wealth of images and is much easier to navigate.

- *carry out urgent improvements to the sound system*

Thanks to generous funding by the Cathedral Friends, work commenced on a major upgrade to the sound system in January 2018. It is expected to be completed by Easter.

- *work with department heads and budget holders across the organisation to achieve a balanced budget for 2018*

Following a challenging round of budget-setting meetings with department heads, the Chapter was pleased to be able to propose 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*

As mentioned in the review of the year above, we have begun to look critically at our governance and management structures and this work will continue in the light of the recommendations from the Cathedrals Working Group.

Looking ahead, the priorities for the Chapter are to develop a discipleship pathway to enable the congregation to grow in their faith; develop a pastoring ministry and team for the care of the congregation; implement improved access across the Cathedral site with step-free access at the west end of Lancelot's Link and to the Harvard Chapel; work with the Estates Committee on the plan to bring the church at All Hallows back into use as a worship and community space and to identify what the needs of the local community in that area are; and to continue with work flowing from the recommendations of the Cathedrals Working Group including carrying out a self-evaluation exercise and training for Chapter (we have been paired for this exercise with the Chapter of St Albans Abbey).

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 below gives the pattern of regular Services held in the Cathedral together with their average attendances. These attendance levels have dropped in recent years, particularly since the major works at London Bridge Station began in 2015 involving frequent disruptions to rail services.

Sunday Services	Average attendance
8.45am Morning Prayer	3
9.00am Eucharist	35
11.00am Choral Eucharist	350
3.00pm Choral Evensong	100
6.00pm '6.00 at Southwark' *	35
Weekday Services	
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
Saturday Services	
9.00am Morning Prayer	6
9.15am Eucharist	5
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 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 lay-clerks, choral scholars and Organ Scholar. The full team (boys, girls and men) is known as "The Great Choir".

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.

The year started with a "once in a lifetime" service on 9th January to bless the newly restored Cathedral bells at which the Great Choir sang music including *Ding, dong! Merrily on high*.

2017 marked the 500th anniversary of the Reformation when Luther nailed his 95 theses to the door of All Saints' Church in Wittenburg and the Cathedral commemorated this in several ways. The main event was a Cantata Evensong on 29th October when the Great Choir, accompanied by the Little Baroque Company, performed J S Bach's Cantata 180 (*Schmücke dich, O liebe Seele*) liturgically at Evensong. This is the Cantata that Bach wrote for the 20th Sunday after Trinity, which was that very day in 2017. It was the first time the Choir has sung with period instruments and everybody found the experience a real revelation in the way it brought clarity and life to the textures.

Another innovation to mark the year was the introduction of a Bach *Chorale Prelude* on the organ after the sermon at the Sunday morning Eucharist. This was a marvellous way to involve the magnificent Lewis organ within the liturgy and was so popular with the congregation that the practice is to be continued. While on the subject of the organ, the console was completely refurbished during the autumn by the firm of Harrison and Harrison of Durham. This work, enabled by a generous legacy, involved installing new action and the latest digital technology.

As usual both choirs gave their annual concerts. On Good Friday the girls and men sang Fauré's *Requiem*, Philip Moore's *Bonhoeffer Prayers* and Passiontide music and, in December, the boys and men sang the *Fantasia on Christmas Carols* by Vaughan Williams (with the Chameleon Arts Orchestra) and other Christmas music. On 11th October, BBC Choral Evensong was broadcast from Southwark. It was the turn of the girls and men and they gave fine, full-blooded performances of music by Parry and Noel Rawsthorne.

The *Merbecke Choir* continues to flourish under its new Director, Emily Elias. In addition to its regular concerts and services at the Cathedral, the Choir also sang Evensong at Westminster Abbey during the summer.

The Organ Scholar, Edward Hewes, has continued as a valued member of the team and has had his tenure extended for a second academic year. Ed's gift as a highly talented improviser is greatly admired and appreciated in the way he can lift a liturgy with his inspired creations.

During the year we said farewell to three gentlemen of the Choir: Alan Weakley (after 19 years' faithful service), Alastair Little and Oliver-John Ruthven. Sheun Maphalala, Leo Milne and Ojorumi Odozie left the Boys' Choir and Sochi Dozie-Alaegbu, Nikita Kironde, Clara Spelsberg-Hornsby, Alice Wauchope and Eliza Wauchope the Girls'. All were admitted as members of the Old Choristers' Association.

The cost of the music in 2017 was £265,299, compared with £205,216 in 2016 although almost £60,000 of this was spent on the organ console refurbishment. Additional funding for music came from the income from the Choirs Endowment Fund which generated an income of £20,838 (£17,464 in 2016) which was applied to the cost of the music. We also received a number of grants including £11,132 from the St Olave's and St Saviour's Grammar School Foundation.

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 2017, the electoral roll stood at 611. Between then and the end of the year a further 34 names had been added to the roll bringing the total to 645 in December 2017.

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. Our parish is the home of the only livery hall south of the River, Glaziers' Hall, and the Dean continues to be Chaplain to the Worshipful Company of Launderers. He is Chaplain to the City Hall branch of the Royal British Legion and supports the Christian Fellowship at News UK, whilst developing a similar relationship with Ernst Young and the LGBTI network at Norton Rose Fulbright. 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. Following the terrorist attack on London Bridge and Borough Market we have fostered good relationships with our partners in the neighbourhood, including Harper Road Mosque. The Sub Dean is a member of the Humanitarian Assistance Group co-ordinated by Southwark Council and bringing together statutory and voluntary groups following the events of 3 June.

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 Jessie Daniels-White, Revd Linda Scott-Garnett and two Readers. We were delighted to welcome the Revd David Adamson to the team in July following his Ordination as a Deacon. David's ministry is shared by St George the Martyr, St Hugh's and the Cathedral. The congregation continues to work on implementing the Mission Action Plan.

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. Caroline Clifford continues to serve as a Reader at the Cathedral, co-leading the Pilgrim course. 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 £135,000 which was a wonderful increase on previous years and exceeded expectations. A pastoral team is being formed and will be taking an increasing role during 2018.

The Cathedral Education Centre welcomed more than 6,100 children during the year, mainly from schools in inner London. The work of the Centre continues to develop and flourish under the leadership of Lisa Bewick. We are very grateful to the team of 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. During the year, Lisa Bewick has provided excellent resources for leaders. 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 meet 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 is flourishing and continues to attract new members. In 2017, they made donations totalling £900 to the following charities from their funds: Away for it All (for families experiencing hardship to have a holiday), SCIP (Supporting Children and Families affected by Imprisonment), the appeal for residents of Grenfell Tower, and Foodbank at St George the Martyr.

The Unity Group meets regularly to foster our overseas links and also to strengthen our partnership with St George's Roman Catholic Cathedral and St Olav's Norwegian Church, Rotherhithe. We look forward to meeting the new Dean of Rouen in 2018.

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. A group from the Cathedral visited Masvingo in June 2017.

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 2017 the sum donated was £26,900 (£23,613 in 2016). 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 raising our annual £10,000 commitment to support the Diocese of Masvingo, 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 2017 were as follows:

USPG, The Manna Society, Bibles for Wandsworth Prison, Alf Dubs Children's Fund, Nepal Leprosy Trust/Lalgadh Leprosy Hospital, Nepal, London HIV Chaplaincy, Practical Action and Just Earth all received equal shares of the available funds – £3,026.25 each.

Volunteers

We are very fortunate to have a solid base of volunteers, the overall figure currently stands at 462. The Volunteers' officer Michelle Ford, works with teams across the Cathedral to identify and fill any volunteering gaps and has developed new links with the Volunteer Centre Lewisham. She 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 the Feast of Christ the King, Sunday 26 November 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 on the next page) 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.

Voluntary involvement in Cathedral life

Organisation	Number of volunteers
Bell ringers	57
Broderers	10
Committee members	58
Day chaplains	28
Education Centre volunteers	17
Eucharistic ministers	28
Flower arrangers	30
Guides	24
Honorary Minor Canons	25
Honorary vergers	10
Intercessors and readers	72
Office volunteers	13
Servers	40
Shop volunteers	11
Stewards	48
ROBES project volunteers	38
Sunday coffee	21
Sunday School	18
Cathedral Wardens	2
Welcomers	41
Wholeness and Healing	7

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 2017, these included those for Canon Roy White, a former Vice Provost of Southwark Cathedral and Canon John Foskett, an honorary canon emeritus, The Revd. Roly Bain, a former Succentor before serving in Southwark parishes and later also becoming a clown (the congregation included entertainers and clowns in Size 14 shoes, red noses, chequered trousers and white gloves and ruffs), Sir David Ford, father of Canon Dr Mandy Ford who was Deputy Governor of Hong Kong from 1986 to 1993 and Hong Kong Commissioner in London until 1997, and Anthony Gordon Lennox, an image consultant and voice coach who worked with The Duchess of Cambridge as well as many leading politicians.

Following the devastation and havoc wreaked on Antigua and Barbuda by Hurricane Irma in September, the Antigua and Barbuda High Commission joined with the organisation Street Pastors and held a Service of Thanksgiving for Deliverance from the Storms.

Other services this year included a Service of Thanksgiving in memory of the people who generously donated their bodies for medical research, a special service to mark the foundation of the Bridewell Royal Hospital, the 125th Anniversary

Service for Royal Trinity Hospice and an anniversary service for St Christopher's Hospice in the Diocese. The organising team at St Christopher's elected to mark the occasion with a full-scale waterfall-effect of pastel coloured petals from the clerestory raining down on those in the tower crossing below. Carol Jerwood, a long-standing member of the team at Southwark Diocesan Board of Education held a special service to mark her retirement and Richard Cornwell (the Chairman of our Finance Committee) and his wife Morigue held their Golden Wedding Anniversary service in the Cathedral in August.

Choir directors based in the UK working with amateur choirs and orchestras in and around London regularly book the Cathedral for concerts and we also host many commemoration and special services for schools including Dulwich College, Hampton School, Dulwich Prep London and The Dyers' Schools. The Nonsuch Singers performed Bach's *St Matthew Passion*, the London Concertante returned several times throughout the year performing their well-loved, sell-out programming, usually focussing on baroque music for strings, the London Dockland Singers and the Wimbledon Choral Society both returned to us however it was the City of London Sinfonia's concert in early November that broke extraordinary and welcome new ground by taking most of the seating out of the nave and replacing the seats with large cushions. Accompanied by an encouraging directive from the conductor to wander around during the performance and explore the immersive environment meant that this particular concert sold out to a young and enthusiastic audience. A light installation added to the atmosphere of the programme entitled *Modern Mystics: The Fruit of Silence* which included works by Arvo Pärt. The Legal and Fiscal Harmony 'sing-offs' choir concerts and The Royal British Legion concert band both returned to us. The London Mahler Orchestra followed up their 2016 performance of Mahler's Second Symphony with his equally gigantic third symphony in November, a fundraiser for Cancer Research UK.

We were delighted to be included in the list of venues for the 2017 season of BBC Henry Wood Promenade Concerts. The concert, featuring the world premiere of a new BBC Commission, Judith Weir's *In the land of Uz*, together with works by Palestrina, was sung by the BBC Singers accompanied by the Nash Ensemble.

Tour operators and choir directors from overseas continue to bring college choirs to the Cathedral and relationships with travel agents specialising in this area of work are well-established. We welcomed choirs from Canada, the United States of America, Norway and Spain and South Africa (the Mzani Youth Choir from South Africa, all of whom were dressed in full national costume).

The London Guild of Weavers, Spinners and Dyers were in the Millennium Courtyard marquee for a week with an exhibition of new work by members of the Guild on the theme of *The Thames and Southwark: Threads of London Life*. The Guild have since donated hand-woven bookmarks to the Cathedral. The Churchyard was the venue for a summer barbecue for one of the departments of PWC and the Mothers' Union held a tea party in the Churchyard branded *Summer of Hope* and used this opportunity to launch a new national campaign.

Special events continue to provide a vital source of income for the Cathedral although they can have a significant impact on the rest of our life. We hosted an event during London Fashion Week in September and a hospitality awards ceremony in October, The Harvard Club of Great Britain centenary dinner in the nave and a retirement dinner for a partner at Ernst & Young. Earlier in the year, *Antic Disposition* theatre company brought a production of Henry V to the Cathedral set in a First World War field hospital in France. This production was sold out on every evening and generated national press coverage. The production was featured twice in the London Theatre critics' lists of 2017 theatrical highlights.

In February we were the venue for a very distinctive drama performance entitled 'Cooking a Dream' brought to us by a Chinese production company keen to capture a half-term audience close to Chinese New Year. A local parent who lives in the Diocese brought a production of the play entitled *I Love You Mum - I Promise I Won't Die*, organised by the charity The Daniel Spargo-Mabbs Foundation, one of the Bishop of Southwark's Lent Call chosen beneficiaries. The play followed the story of a teenager who died in 2014 from taking a lethal amount of MDMA at his first rave. The structure of the piece was raising awareness of the dangers of taking pills without provenance.

In May, we hosted the annual joint Civic Award Ceremony and Annual Meeting of Southwark Council. A traditional part of their annual meeting is the nominations and inaugurations of the next Mayor and Deputy Mayor of Southwark. Cllr Charlie Smith received the Mayoral chain from outgoing Mayor Cllr Kath Wittham.

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. 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 2017 amounted to £464,174 (£116,672 in 2016). The major items of work consisted of the final stage of the project to re-hang the bells, the first stages of the work to re-roof the choir and masonry works, and the refurbishment of the organ console. Grants from Southwark Cathedral Development Trust, following successful fundraising campaigns, and a legacy covered the costs of these works.

A significant element of the Chapter's expenditure in 2017, as always, was the maintenance of the Cathedral Church and its precincts. The staff of four vergers, Works Manager, Assistant Works Manager, Maintenance Assistant and two 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 £548,817 plus £464,174 expenditure on major works (total of £1,012,991), much higher than the cost in 2016 of £567,583 plus £116,672 expenditure on major works (total of £684,255). This was entirely due to the major capital projects (funded by grants and fundraising activity) that took place during the year.

The Friends of Southwark Cathedral

During 2017 the Friends programme has been varied and we were pleased to see our active core of Friends as well as new members. 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 many of which grow in popularity year on year: the Annual General Meeting, the Quiz Night, the Advent Tea and Carol Service, the Christmas Market and to finish the year the Christmas Soiree at the Deanery. We are grateful to the Dean and Sub-Dean for their enthusiastic support which makes such a difference to the success and popularity of The Friends. All these events enable us to raise valuable funds for the Cathedral but just as important is the opportunity they provide for us to spend time together as Friends celebrating all that is good about our wonderful Cathedral. We advertise our events widely to ensure they are provided for the public benefit and we welcome anyone who wishes to join the Friends.

In 2017 the Friends gave support by providing hospitality to a number of conferences and events held at the Cathedral: the Deans Conference; the Pastors Conference, Diocesan Confirmations and the highly exciting launch of the first Doorkins book.

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 £17,182.60 for the new Cathedral website including a new library of photos of the Cathedral. Funds were also approved for the refurbishment of the Cathedral sound system (£25,172) but it was not possible to programme this work in 2017 due to other Cathedral diary commitments. The work will take place early in 2018. Other projects were presented to the Friends for support and these will be taken forward in 2018: repair to the Jubilee Cross, support to the Girls' Choir for their next tour, new cassocks for the boys and men of the choir and new Comper vestments.

In October, the Friends Director attended the bi-annual conference of the Friends of Cathedrals, Abbey and Greater Churches, this year held at Ely Cathedral. The conference enjoyed a full programme of lectures and presentations: the new GDPR (General Data Protection Regulation) guidance; using social media effectively; Cathedral 'survival'; ideas to re-invigorate Friends groups and a look at changes to the various legal and financial requirements for charities.

At the end of 2017 our Chairman, Sarah King, stood down after 11 years in her role. We are extremely grateful for her commitment to the Friends and the work she has done during her time in office.

In 2018 we will continue to concentrate our efforts on increasing the profile of the Friends and the work it does to support and enhance the Cathedral's work.

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 Bishops' Adviser and serves on national Bishops' Advisory Panels. He is a member of the governing body of St Saviour's and St Olave's School for Girls in Southwark and chairs the St Olave's Fund. He is 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.

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 and supervises the Revd David Adamson's ministry at St Hugh's and the Cathedral. 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 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. She is currently a trainee with the Society of Analytical Psychology working towards a clinical qualification in psychoanalytic psychotherapy.

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 and means that more resources are now available to enable the Chapter to undertake new areas of work and ministry.

In 2017, there was a small decrease in unrestricted funds of £36,637 compared with a small decrease of £23,201 in 2016 (see the Consolidated Statement of Financial Activities on page 27). This result was better than expected as the Chapter had budgeted for a small deficit of £20,000 on normal activities for the year and had carried over a legacy of £70,000 from the previous year to be spent on the refurbishment of the organ console. If the one-off expenditure on the organ (just under £60,000) is stripped out of the figures, there would be a small surplus on our continuing activities of around £24,000 which is much better than predicted at the start of the year. This was despite a difficult period in the summer following the terrorist attack when trading income for the Shop, refectory and conference centre was badly affected. By the end of the year, our trading subsidiary, Southwark Cathedral Enterprises Ltd, had gifted £42,000 more to the Cathedral than budgeted from its profits. We also benefitted from one-off fees of £46,400 from neighbouring properties wishing to place scaffolding on our land to enable them to refurbish premises and for relinquishing minimal rights to storage in the arches under London Bridge (in the area operated by On Your Bike) which we had not used for many years.

An increase of over 3% in the London Living Wage rate that we use as the minimum for our paid staff had an effect as it was in excess of the inflationary pay increase budgeted for. A further increase of 4.5% in late 2017 has meant some adjustment of salaries for those earning just above the London Living Wage as well in order to maintain differentials which apply between staff to reflect different levels of responsibility. The Chapter was very happy to implement the London Living Wage for all its employees responding to an appeal by the congregation. However, the above-inflation rises in that rate in recent years are beginning to strain our finances and we hope that the congregation will bear this in mind when reviewing their levels of stewardship giving so that we can continue to afford to pay our staff a Living Wage.

Surpluses built up in previous years have allowed us to continue to set aside 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 this reserve equal to six months' expenditure which will shield us from unexpected calls on our finances in future although at present the reserve is equal to only 3 months' expenditure so there is a long way to go.

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £281,443 in 2017 compared with £269,005 in 2016. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £70,632 across all forms of giving in 2017 (£63,484 in 2016). A grant of £67,440 was received from the Church Commissioners in 2017 (£70,535 in 2016) 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 £129,738 (£127,003 in 2016).

Income from charges and fees increased in 2017 to £256,742 compared to £230,327 in 2016. 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 2017 figures, this would need to be almost £750,000. Although it was not possible to make further progress towards this goal in 2017, the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this.

The total group reserves at 31st December 2017 amounted to £17,249,250 of which £897,274 is unrestricted, £78,496 is restricted and £16,273,480 is endowment. Free reserves at 31st December 2017 amounted to £367,682.

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 £1,250 was invested during 2017 from a legacy which was added to the Choir Endowment Fund. This, combined with the very good performance of the fund during the year, led to an increase in value from £659,218 at 31st December 2016 to £705,413 at 31st December 2017. In addition, £20,838 of income was generated from the fund and applied to the cost of the music (£17,464 in 2016).

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 31st December 2017, the value of this small fund was £10,827 (£10,188 at 31st December 2016).

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.

	2018	2019	2020	2021	2022
	£'000	£'000	£'000	£'000	£'000
Routine maintenance	100	105	110	115	120
Crossing platform	0	150	0	0	0
Major organ repairs	0	0	350	100	0
Nave floor and DDA improvement	200	300	0	0	0
Conservation of monuments	10	10	10	10	10
Interior lighting - electrical & sound	0	620	40	0	0
External lighting	0	0	600	0	0
Choir roof and east end masonry repairs	300	0	0	0	0
Nave roof (north slope)	0	0	0	360	0
Nave and south transept ceilings	0	0	0	0	330
South wall masonry repairs and south porch	0	0	68	0	0
South churchyard gates and railings	0	75	0	0	0
Signage and wayfinding	50	0	0	0	0
Conservation housekeeping and salvage strategy	7	5	5	5	0
Health & Safety	30	30	30	30	30
Total	697	1,295	1,213	620	490

Southwark Cathedral Enterprises Limited

The company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, car parking in Montague Close, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 27 and detailed in note 5 to the accounts on page 40.

2017 was a year of mixed fortunes for the company. We were badly affected by the terrorist attack on 3 June which led to a sudden decrease in visitor numbers. Several conference bookings were lost while the Cathedral was closed for a week and business was slow to pick up again until the autumn with several cancellations due to nervousness about travelling into the centre of London. The Shop had begun the year well but trading was down for six months after the attack and only picked up in December. Overall, however, the company achieved some good results from special events and conference business picked up strongly in the final quarter.

Turnover for 2017 was £708,151 which is 5% up on 2016 (£670,799) which in turn was 5% down on 2015 (£709,027). The company made a gift-aided donation of £284,416 (£307,575 in 2016) which was a very good result in a difficult trading year.

Conferences and Special Events

Conference and event business suffered in the immediate aftermath of the terrorist attack but picked up again strongly in the final quarter of the year. The new conference sales executive, Tim Charles, who succeeded Francesco Pecorari who left in March 2017, brings some excellent sales skills to the team and the results are now beginning to show with turnover for the year up 12.5% on 2016. The sales team continue to work hard to secure new clients from the commercial sector, but 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 had another very successful year with a number of high profile events bringing in nearly £140,000 in income (up from £110,000 in 2016). Overall, conferences and events delivered £217,523 in profit compared to £147,610 in 2016 which is a very encouraging result.

Shop

The shop delivered a very small profit of £19 in 2017 (£3,986 in 2016). Visitor numbers were down by 14% on 2016 and down by up to 50% in July and August immediately after the terrorist attack. Sales remained subdued for the rest of the year with December showing a small improvement. The new Doorkins book proved to be the saviour of the shop this year with buoyant sales meaning the difference between profit and loss in a difficult year and other Doorkins merchandise is still selling exceptionally well. Turnover in 2017 was £178,722, down 1.5% on 2016 (£181,440).

Refectory

Catering in the Refectory is provided by Elior UK under a contract that runs until 2019. The team, led at first by Davina Cox and, from the summer of 2017 by Lorraine Robins, have produced mixed results during the year. The standards of food and service have improved since Lorraine's appointment as General Manager and consistency in food quality has returned. However, the lack of a summer Courtyard offer and the effects of the terrorist attack in June led to lower than expected customer numbers. The Board are closely monitoring Elior's performance and will continue to do so throughout the coming year as we approach the point where the contract is re-tendered in 2019. The results for the branch as a whole were disappointing after a poor 2016. We received 16% less in rental than we had in 2016 and 30% less than in 2015 (rental is based on a percentage of public and event catering sales). Behind the headline figure of £75,000 which Elior UK delivered to the company in the form of concession rent (in 2016 £88,888), it should be borne in mind that the Refectory is a business with a turnover of £560,000 in 2017 providing employment for a large team of staff. The sales in the Refectory are a cause for concern as they have fallen by nearly 30% in the past two years although special event catering has held up.

Tourism

As noted above, the number of tourists was significantly down on 2016. However, the amount generated by our Visits and Tours Officer, Ruth Miller, increased thanks to her new initiatives including the very popular series of heritage talks, photography evenings and events that focus on the history of the local area. Ruth continues to market tours and other experiences to groups. The new visitor leaflet, available from the welcome desk, sold more than 16,000 copies and has proved to be very popular since its introduction in 2016.

Car Parking

The car parking business which had, for the past two years, made a loss, was discontinued at the end of March 2017. There were no longer sufficient clients or income to cover the cost of the security guard. He was transferred by his employer to another site.

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.

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

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

20th March 2018

Report from the Fabric Advisory Committee

The FAC met four times in 2017 under the Chairmanship of the Revd Canon Charles Pickstone. The March meeting was adjourned early due to a security alert, and that planned for June was cancelled at short notice due to the terrorist attack. An emergency meeting to consider urgent business was held in July. The Dean missed the November meetings as he was otherwise engaged and his place was taken by Canon Michael Rawson.

Paul Appleton, from the local practice Allies & Morrison, was appointed Conservation Architect and attended from the July meeting.

Items approved by the FAC in 2017 include: the new refectory boiler flue, burials in the retro-choir, a new chandelier winch system and the new cathedral sound system.

Other matters considered by the FAC covered the care of the Cathedral's historic books and architectural drawings of the Cathedral.

The FAC continues to monitor changes to the Cathedral access arrangements and awaits a proposal for step-free access at the west end of Lancelot's Link. The context may be revised in the light of recent developments, and include the repair of damage to the doors by the police in the wake of the terrorist attack.

FAC has been impressed by work on a stone policy for the Cathedral by the architect and archaeologist, and have visited the major work on the choir roof and east end of the Cathedral. Particularly commended were the new decorative stone bosses carved by the City & Guilds of London Art School students, and the resumption of further work by the School on the Cathedral's monuments is anticipated.

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 one item this year being proposals by Café Brood for a revised canopy over their outdoor seating area.

Richard Malins

Secretary

Independent Auditor's Report to the Chapter

Opinion

We have audited the financial statements of Southwark Cathedral for the year ended 31st December 2017 which comprise the Consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Cathedral's affairs as at 31st December 2017, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the guidelines specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999.

This report is made solely to the Cathedral Chapter, 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 Cathedral Chapter those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do

not accept or assume responsibility to any party other than the Cathedral Chapter as a body, for our audit work, for this report, or for the opinion we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Cathedral in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chapter members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chapter members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and Cathedral's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Chapter members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the group and Cathedral has not kept adequate accounting records; 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 required for our audit.

Responsibilities of trustees

As explained more fully in the Chapter members' responsibilities statement set out on pages 5-6, the Chapter members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chapter members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chapter members are responsible for assessing the group's and Cathedral's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chapter members either intend to liquidate the Cathedral or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 27 of the Cathedrals Measure 1999 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Cathedral's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chapter members.
- Conclude on the appropriateness of the Chapter members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and Cathedral's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Cathedral to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kingston Smith LLP

Statutory auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

20 March 2018

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31st December 2017

	Unrestricted	Restricted	Endowment	Total Funds	Total Funds
Note	Funds	Funds	Funds	2017	2016
	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:	2				
Donations and Legacies	527,504	622,517	1,250	1,151,271	836,519
Grants in support of mission	-	210,398	-	210,398	244,313
Charges and fees arising in course of mission	246,559	10,183	-	256,742	230,327
Trading and fundraising	708,151	-	-	708,151	670,799
Investments	176,314	21,178	-	197,492	143,600
Other income	-	-	-	-	250
Total Income	<u>1,658,528</u>	<u>864,276</u>	<u>1,250</u>	<u>2,524,054</u>	<u>2,125,808</u>
EXPENDITURE ON:	3,4				
Raising Funds	551,079	13,988	-	565,067	586,162
Charitable Activities:					
Ministry	486,083	198,810	-	684,893	608,455
Cathedral and precincts upkeep	498,244	514,747	-	1,012,991	684,255
Education and outreach	73,516	115,212	-	188,728	155,760
Community, parish and congregation	83,081	3,474	-	86,555	72,545
Other expenditure	3,162	4	-	3,166	3,130
Total Expenditure	<u>1,695,165</u>	<u>846,235</u>	<u>-</u>	<u>2,541,400</u>	<u>2,110,307</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(36,637)	18,041	1,250	(17,346)	15,501
Net gains on investments	6	-	1,660	39,796	50,456
Net income/(expenditure)	(36,637)	19,701	41,046	24,110	65,957
Gross transfers between funds	-	220,130	(220,130)	-	-
Net movements in funds	(36,637)	239,831	(179,084)	24,110	65,957
Reconciliation of funds:					
Total Funds brought forward	<u>933,911</u>	(161,335)	<u>16,452,564</u>	<u>17,225,140</u>	<u>17,159,183</u>
Total Funds carried forward	<u>897,274</u>	<u>78,496</u>	<u>16,273,480</u>	<u>17,249,250</u>	<u>17,225,140</u>

All operations are continuing.

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

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

Southwark Cathedral

Consolidated Balance Sheet as at 31st December 2017

	Note	Unrestricted	Restricted	Endowment	Total Funds 2017 £	Restated Total Funds 2016 £
Fixed Assets						
Investment assets	6	700,000	20,055	710,452	1,430,507	1,387,800
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	62,846	-	-	62,846	91,310
		<u>762,846</u>	<u>20,055</u>	<u>15,960,452</u>	<u>16,743,353</u>	<u>16,729,110</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		34,635	-	-	34,635	27,909
Deposits and cash		435,937	108,842	-	544,779	550,671
Debtors	9	246,438	17,837	-	264,275	169,389
		<u>717,010</u>	<u>126,679</u>	<u>-</u>	<u>843,689</u>	<u>747,969</u>
Liabilities due within one year						
Creditors	10	<u>(307,090)</u>	<u>(30,702)</u>	<u>-</u>	<u>(337,792)</u>	<u>(251,939)</u>
Net Current Assets		<u>409,920</u>	<u>95,977</u>	<u>-</u>	<u>505,897</u>	<u>496,030</u>
Total Assets less Current Liabilities		1,172,766	116,032	15,960,452	17,249,250	17,225,140
Liabilities due after one year						
Inter-fund loan		<u>(275,492)</u>	<u>(37,536)</u>	313,028	-	-
Total net Assets		<u><u>897,274</u></u>	<u><u>78,496</u></u>	<u><u>16,273,480</u></u>	<u><u>17,249,250</u></u>	<u><u>17,225,140</u></u>
The funds of the Cathedral:						
General Fund	15-17	267,682	-	-	267,682	298,993
Choir Funds		-	68,302	705,413	773,715	716,125
Millennium Project		-	-	-	-	<u>(220,130)</u>
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		579,531	10,194	318,067	907,792	1,152,407
Southwark Cathedral Enterprises		50,061	-	-	50,061	27,745
Total Cathedral funds		<u><u>897,274</u></u>	<u><u>78,496</u></u>	<u><u>16,273,480</u></u>	<u><u>17,249,250</u></u>	<u><u>17,225,140</u></u>

Southwark Cathedral

Cathedral Balance Sheet as at 31st December 2017

	Note	Unrestricted	Restricted	Endowment	Total Funds 2017 £	Restated Total Funds 2016 £
Fixed Assets						
Investment assets	6	700,000	20,055	710,452	1,430,507	1,387,800
Subsidiary undertaking	5	150,061	-	-	150,061	127,745
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	60,707	-	-	60,707	87,030
		<u>910,768</u>	<u>20,055</u>	<u>15,960,452</u>	<u>16,891,275</u>	<u>16,852,575</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		-	-	-	-	-
Deposits and cash		276,295	108,842	-	385,137	408,034
Debtors	9	168,081	17,837	-	185,918	108,009
		<u>444,376</u>	<u>126,679</u>	<u>-</u>	<u>571,055</u>	<u>516,043</u>
Liabilities due within one year						
Creditors	10	(182,378)	(30,702)	-	(213,080)	(143,478)
Net Current Assets		<u>261,998</u>	<u>95,977</u>	<u>-</u>	<u>357,975</u>	<u>372,565</u>
Total Assets less Current Liabilities		<u>1,172,766</u>	<u>116,032</u>	<u>15,960,452</u>	<u>17,249,250</u>	<u>17,225,140</u>
Liabilities due after one year						
Inter-fund loan		(275,492)	(37,536)	313,028	-	-
Total net Assets		<u>897,274</u>	<u>78,496</u>	<u>16,273,480</u>	<u>17,249,250</u>	<u>17,225,140</u>
The funds of the Cathedral: 15-17						
General Fund		267,682	-	-	267,682	298,993
Choir Funds		-	68,302	705,413	773,715	716,125
Millennium Project		-	-	-	-	(220,130)
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		579,531	10,194	318,067	907,792	1,152,407
Southwark Cathedral Enterprises		50,061	-	-	50,061	27,745
Total Cathedral funds		<u>897,274</u>	<u>78,496</u>	<u>16,273,480</u>	<u>17,249,250</u>	<u>17,225,140</u>

Approved by the Chapter and authorised for issue on 20th March 2018



Andrew Nunn
Dean

Southwark Cathedral

Consolidated Statement of Cash Flows as at 31st December 2017

	Note	2017	2016
		£	£
Cash flows from operating activities:			
Net Cash (used)/provided by operating activities	21	(168,171)	(72,049)
Cash flows from investing activities:			
Rent received net of costs		173,420	124,583
Investment income received net of costs		24,072	19,017
Purchase of property, plant and equipment		(35,213)	(37,785)
Net Cash provided by investing activities		162,279	105,815
Cash flows from financing activities:			
Repayment of borrowing		-	-
Net cash used in financing activities		-	-
Change in cash and cash equivalents in the reporting period		(5,892)	33,766
Cash and cash equivalents at the beginning of the reporting period		550,671	516,905
Cash and cash equivalents at the end of the reporting period		544,779	550,671

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 31st December 2010 which was based on the expected arms-length open-market value of the site. A valuation was carried out at 1st January 2014 and the revaluation gain was included in the Statement of Financial Activities. No material change in value occurred in 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 1st January 2014 as disclosed in the notes to the financial statements. The transitional provisions of FRS102 have been used to treat this valuation as a deemed cost.

Investments

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

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

Stocks

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

Funds

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

2 Income and Endowments

Year to 31st December 2017

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £
Donations and Legacies				
Congregational collections and giving	300,738	75,220	-	375,958
Donations and fundraising appeals	95,164	43,225	1,000	139,389
Tax recoverable under Gift Aid	67,138	3,244	250	70,632
Income from Friends and local trusts	64,464	500,364	-	564,828
Legacies	-	464	-	464
	527,504	622,517	1,250	1,151,271
Grants in Support of mission				
Church Commissioners	-	197,178	-	197,178
Other revenue and capital grants	-	13,220	-	13,220
	-	210,398	-	210,398
Charges and fees arising in the course of mission				
Facility and other fees	246,559	10,183	-	256,742
Trading and fundraising activities				
Gross income of shop, refectory and other activities	708,151	-	-	708,151
Investments				
Income from investment Property	173,420	-	-	173,420
Income from other Investments	653	21,178	-	21,831
Interest receivable on short term deposits	2,241	-	-	2,241
	176,314	21,178	-	197,492
Total 2017	1,658,528	864,276	1,250	2,524,054

2 Income and Endowments (continued)
Year to 31st December 2016

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2016
	£	£	£	£
Donations and Legacies				
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>
Grants in Support of mission				
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>
Charges and fees arising in the course of mission				
Facility and other fees	221,851	8,476	-	230,327
Trading and fundraising activities				
Gross income of shop, refectory and other activities	670,799	-	-	670,799
Investments				
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>
Other income				
Insurance recoveries	250	-	-	250
	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
Total 2016	<u>1,632,100</u>	<u>458,708</u>	<u>35,000</u>	<u>2,125,808</u>

3 Expenditure on raising funds

Year to 31st December 2017

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £
Costs of facilities for visitors	100,358	10,421	-	110,779
Gross costs of shop, refectory and other activities	401,419	-	-	401,419
Costs of appeals and fund raising	1,104	3,567	-	4,671
Let property costs	48,198	-	-	48,198
	<u>551,079</u>	<u>13,988</u>	<u>-</u>	<u>565,067</u>

4 Other expenditure

Year to 31st December 2017

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £
Ministry				
Clergy stipends and working expenses	22,272	137,278	-	159,550
Clergy housing costs	59,882	-	-	59,882
Clergy support costs	82,741	9,208	-	91,949
Services, music and congregational costs	321,188	52,324	-	373,512
	<u>486,083</u>	<u>198,810</u>	<u>-</u>	<u>684,893</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	464,174	-	464,174
Vergers and interior upkeep	215,383	28,902	-	244,285
Cathedral insurance	47,906	-	-	47,906
Precincts, security and gardens upkeep	12,724	-	-	12,724
Support costs (see below)	222,231	21,671	-	243,902
	<u>498,244</u>	<u>514,747</u>	<u>-</u>	<u>1,012,991</u>
Education and outreach				
Educational activities	28,685	4,308	-	32,993
Charitable and other giving	44,831	110,904	-	155,735
	<u>73,516</u>	<u>115,212</u>	<u>-</u>	<u>188,728</u>
Community, parish and congregation	<u>83,081</u>	<u>3,474</u>	<u>-</u>	<u>86,555</u>
Other expenditure				
Interest and similar charges payable	3,162	4	-	3,166
	<u>3,162</u>	<u>4</u>	<u>-</u>	<u>3,166</u>
Total 2017	<u>1,695,165</u>	<u>846,235</u>	<u>-</u>	<u>2,541,400</u>

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £19,427.

3 Expenditure on raising funds

Year to 31st December 2016

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Costs of facilities for visitors	92,770	5,379	-	98,149
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

Year to 31st December 2016

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Ministry				
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>
Cathedral and precincts upkeep				
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>
Education and outreach				
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>
Community, parish and congregation	<u>70,752</u>	<u>1,793</u>	<u>-</u>	<u>72,545</u>
Other expenditure				
Interest and similar charges payable	3,130	-	-	3,130
Other items	-	-	-	-
	<u>3,130</u>	<u>-</u>	<u>-</u>	<u>3,130</u>
Total 2016	<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.

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:

	2017	Restated 2016
	£	£
Turnover	708,151	670,799
Cost of sales	<u>(123,147)</u>	<u>(124,837)</u>
Gross Profit	585,004	545,962
Other Operating Costs	<u>(278,272)</u>	<u>(301,798)</u>
Charitable distribution to the Cathedral	<u>(284,416)</u>	<u>(307,575)</u>
Profit for the year	306,732	244,164
Net movement in reserves	<u>22,316</u>	<u>(63,411)</u>
Accumulated profit brought forward	27,745	91,156
Accumulated profit carried forward	<u>50,061</u>	<u>27,745</u>
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>150,061</u></u>	<u><u>127,745</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 2017	700,000	18,395	669,406	1,387,801
Additions	-	-	1,250	1,250
Net Increase on revaluation	<u>-</u>	<u>1,660</u>	<u>39,796</u>	<u>41,456</u>
Market value at 31st December 2017	<u><u>700,000</u></u>	<u><u>20,055</u></u>	<u><u>710,452</u></u>	<u><u>1,430,507</u></u>
CBF Investment Fund shares	-	20,055	-	20,055
Investec Wealth and Investment portfolio	-	-	710,452	710,452
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>20,055</u></u>	<u><u>710,452</u></u>	<u><u>1,430,507</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2017	-	-	15,250,000	15,250,000
At 31st December 2017	-	-	15,250,000	15,250,000
			Endowment Funds	Total Funds
			£	£

Non-investment properties are held and used as follows:

At 1st January 2017				
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:

	2017	2016
	£	£
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, SE1	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 1st January 2014. The valuation was carried out on a fair value basis following the guidance notes of the RICS Valuation Professional Standards 2014.

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

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 of the Charities Act 2011.

8 Equipment and Plant

	Computer Equipment	Nave Chairs	Other Assets	Total
Group				
Cost				
At 1st January 2017	101,562	153,358	560,572	815,492
Additions	-	-	35,213	35,213
At 31st December 2017	<u>101,562</u>	<u>153,358</u>	<u>595,785</u>	<u>850,705</u>
Depreciation				
At 1st January 2017	95,260	153,358	475,565	724,183
Charge for the year	6,302	-	57,374	63,676
At 31st December 2017	<u>101,562</u>	<u>153,358</u>	<u>532,939</u>	<u>787,859</u>
Net Book Value				
At 31st December 2017	<u>-</u>	<u>-</u>	<u>62,846</u>	<u>62,846</u>
At 31st December 2016	<u>6,301</u>	<u>-</u>	<u>85,008</u>	<u>91,309</u>
Cathedral				
Cost				
At 1st January 2017	92,664	153,358	479,054	725,076
Additions	-	-	35,213	35,213
At 31st December 2017	<u>92,664</u>	<u>153,358</u>	<u>514,267</u>	<u>760,289</u>
Depreciation				
At 1st January 2017	86,362	153,358	398,326	638,046
Charge for the year	6,302	-	55,233	61,535
At 31st December 2017	<u>92,664</u>	<u>153,358</u>	<u>453,559</u>	<u>699,581</u>
Net Book Value				
At 31st December 2017	<u>-</u>	<u>-</u>	<u>60,708</u>	<u>60,708</u>
At 31st December 2016	<u>6,301</u>	<u>-</u>	<u>80,729</u>	<u>87,030</u>

9 Debtors

	Group		Cathedral	
	2017	2016	2017	Restated 2016
	£	£	£	£
Trade debtors and users of facilities	182,435	141,068	73,294	49,206
Amounts owed by group undertaking	-	-	30,784	30,482
Other debtors and accrued income	26,682	10,706	26,682	10,706
VAT	42,006	8,781	42,006	8,781
Prepayments	13,152	8,834	13,152	8,834
	<u>264,275</u>	<u>169,389</u>	<u>185,918</u>	<u>108,009</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2017	2016	2017	2016
	£	£	£	£
Tax and social security costs	56,834	41,869	19,350	16,870
Trade creditors	99,479	63,457	91,028	53,830
Accruals	66,568	62,383	59,415	53,934
Deferred Income	87,150	70,176	15,526	4,790
Other creditors	27,761	14,054	27,761	14,054
	<u>337,792</u>	<u>251,939</u>	<u>213,080</u>	<u>143,478</u>

11 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2016 - £Nil).

In both 2017 and 2016, one employee received remuneration in the £60,000 to £69,999 band. Pension contributions in respect of this employee were £3,237 (2016 – £3,187).

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

	2017		2016	
	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	2	3	1	4
Visitors	-	4	-	4
Subsidiary undertaking	5	1	4	2
	<u>21</u>	<u>20</u>	<u>19</u>	<u>22</u>

Employee costs for the year	2017	2016
	£	£
Salaries and stipends	707,818	665,322
Employer's national insurance costs	61,204	56,924
Employer's pension contributions	36,468	32,314
	<u>805,490</u>	<u>754,560</u>

11 Chapter and Employees (continued)

Emoluments of Chapter members (Key Management Personnel)

	2017	2016
	£	£
Dean	35,480	34,850
Sub Dean	28,008	27,383
Canon Residentiary	28,016	27,383
Comptroller	65,746	63,751
	<u>157,250</u>	<u>153,367</u>
Expenses of ex-officio Chapter members		
Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	1,904	1,519
Travel	1,458	1,863
Hospitality	14,653	11,383
Other	<u>573</u>	<u>635</u>
	<u>18,588</u>	<u>15,400</u>

12 Pensions

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

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

Employees of Southwark Cathedral are enrolled in the Pension Builder Classic Scheme of the CWPF which is classed as a defined benefit scheme. The Cathedral contributes up to a matching 5% of the member's basic salary.

Pension Builder Classic 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 is because 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. The total charge included in these accounts, including Clergy, is £66,804 (2016 - £62,335).

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

	2017	2016
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,750	15,750
- Non audit services	1,883	1,800
	<u>17,633</u>	<u>17,550</u>

14 Commitments under Operating Leases

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

	2017	2016
	£	£
Payments due within one year	19,879	13,431
Payments due between one and two years	19,879	13,078
Payments due between two and five years	52,182	6,511
	<u>91,940</u>	<u>33,020</u>

The Cathedral is committed to making payments of approximately £192,393 following completion of the project to re-roof the choir and carry out masonry repairs. The Chapter signed a contract with the principal contractor, Warren & Neale, for £302,645 in July 2017 of which £168,975 had been paid by 31st December 2017 with the balance due on completion in Spring 2018. A contract with Coventry Scaffolding for £124,400 was signed at the same time of which £73,800 had been paid by 31st December 2017 with a further £50,600 due in Spring 2018. A further contract for project management services connected with the re-roofing project was signed with Synergy LLP for £11,580 of which £3,457 had been paid by 31st December 2017 with a further £8,123 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 31st December 2017

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	527,504	-	-	527,504
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	246,559	-	-	246,559
Trading and fundraising	-	708,151	-	708,151
Investments	176,314	-	-	176,314
Other income	-	-	-	-
Total income	950,377	708,151	-	1,658,528
EXPENDITURE ON:				
Raising Funds	149,660	401,419	-	551,079
Charitable Activities:				
Ministry	486,083	-	-	486,083
Cathedral and precincts upkeep	470,602	-	27,642	498,244
Education and outreach	73,516	-	-	73,516
Community, parish and congregation	83,081	-	-	83,081
Other expenditure	3,162	-	-	3,162
Total Expenditure	1,266,104	401,419	27,642	1,695,165
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(315,727)	306,732	(27,642)	(36,637)
Net gains on Investments	-	-	-	-
Net income/(expenditure)	(315,727)	306,732	(27,642)	(36,637)
Gross transfers between funds	284,416	(284,416)	-	-
Net Movement in Funds	(31,311)	22,316	(27,642)	(36,637)
Funds brought forward	298,993	27,745	607,173	933,911
Total Funds Carried Forward	267,682	50,061	579,531	897,274

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 31st December 2016

	General Fund £	Cathedral Enterprises £	Property Fund £	Restated TOTAL £
INCOME AND ENDOWMENTS FROM:				
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
Total income	961,301	670,799	-	1,632,100
EXPENDITURE ON:				
Raising Funds	132,107	426,635	-	558,742
Charitable Activities:				
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
Total Expenditure	1,209,833	426,635	18,838	1,655,306
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(248,532)	244,164	(18,838)	(23,206)
Net gains on Investments	-	-	-	-
Net income/(expenditure)	(248,532)	244,164	(18,838)	(23,206)
Gross transfers between funds	307,580	(307,580)	-	-
Net Movement in Funds	59,048	(63,416)	(18,838)	(23,206)
Funds brought forward	239,945	91,156	626,011	957,112
Total Funds Carried Forward	298,993	27,740	607,173	933,906

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.

16 Restricted Income Funds

Year to 31st December 2017

	Choir Funds £	Other Restricted Income £	Property Fund £	Millennium Project Account £	Total £
INCOME AND ENDOWMENTS FROM:					
Donation and Legacies	9,189	161,516	451,812	-	622,517
Grants in support of mission	-	197,178	13,220	-	210,398
Charges and fees arising in course of mission	10,183	-	-	-	10,183
Trading and fundraising	-	-	-	-	-
Investments	20,837	341	-	-	21,178
Other income	-	-	-	-	-
Total income	40,209	359,035	465,032	-	864,276
EXPENDITURE ON:					
Raising Funds	1,884	12,104	-	-	13,988
Charitable Activities:					
Ministry	21,138	177,672	-	-	198,810
Cathedral and precincts upkeep	-	50,573	464,174	-	514,747
Education and outreach	-	115,212	-	-	115,212
Community, parish and congregation	-	3,474	-	-	3,474
Other expenditure	4	-	-	-	4
Total Expenditure	23,026	359,035	464,174	-	846,235
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS					
	17,183	-	858	-	18,041
Net gains on Investments	-	-	1,660	-	1,660
Net income(expenditure)	17,183	-	2,518	-	19,701
Gross transfers between funds	-	-	-	220,130	220,130
Net Movement in Funds	17,183	-	2,518	220,130	239,831
Funds brought forward	51,119	-	7,676	(220,130)	(161,335)
Total Funds Carried Forward	68,302	-	10,194	-	78,496

16 Restricted Income Funds (continued)

Year to 31st December 2016

	Choir Funds £	Other Restricted Income £	Property Fund £	Millennium Project Account £	Total £
INCOME AND ENDOWMENTS FROM:					
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	-	-	-	-	-
Total income	49,723	298,824	110,161	-	458,708
EXPENDITURE ON:					
Raising Funds	22,041	5,379	-	-	27,420
Charitable Activities:					
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	-	-	-	-	-
Total Expenditure	39,505	298,824	116,672	-	455,001
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	10,218	-	(6,511)	-	3,707
Net gains on Investments	-	-	1,837	-	1,837
Net income(expenditure)	10,218	-	(4,674)	-	5,544
Gross transfers between funds	(5)	-	-	-	(5)
Net Movement in Funds	10,213	-	(4,674)	-	5,539
Funds brought forward	40,906	-	12,350	(220,130)	(166,874)
Total Funds Carried Forward	51,119	-	7,676	(220,130)	(161,335)

17 Endowment Funds

Year to 31st December 2017

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	-	-	1,250	1,250
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-
Trading and fundraising	-	-	-	-
Investments	-	-	-	-
Other income	-	-	-	-
Total income	-	-	1,250	1,250
EXPENDITURE ON:				
Raising Funds	-	-	-	-
Charitable Activities:				
Ministry	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-
Education and outreach	-	-	-	-
Community, parish and congregation	-	-	-	-
Other expenditure	-	-	-	-
Total Expenditure	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS				
	-	-	1,250	1,250
Net gains on Investments	-	639	39,157	39,796
Net income(expenditure)	-	639	40,407	41,046
Gross transfers between funds	-	(220,130)	-	(220,130)
Net movement in funds	-	(219,491)	40,407	(179,084)
Funds brought forward	15,250,000	537,558	665,006	16,452,564
Total Funds Carried Forward	15,250,000	318,067	705,413	16,273,480

17 Endowment Funds (continued)

Year to 31st December 2016

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
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	-	-	-	-
Total income	-	-	35,000	35,000
EXPENDITURE ON:				
Raising Funds	-	-	-	-
Charitable Activities:				
Ministry	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-
Education and outreach	-	-	-	-
Community, parish and congregation	-	-	-	-
Other expenditure	-	-	-	-
Total Expenditure	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS				
	-	-	35,000	35,000
Net gains on Investments	-	781	47,838	48,619
Net income(expenditure)	-	781	82,838	83,619
Gross transfers between funds	-	-	-	-
Net movement in funds	-	781	82,838	83,619
Funds brought forward	15,250,000	536,777	582,168	16,368,945
Total Funds Carried Forward	15,250,000	537,558	665,006	16,452,564

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 £318,067 (2016 - £537,558) following a transfer of £220,130 to the Millennium Project Account to offset the deficit on that fund. The balance of the restricted element of the fund at the year end is £10,194 (2015 – £7,676). The unrestricted element of the fund stands at £579,531 (2016 - £607,173) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

Millennium Project Account

At 31st December 2016, there was an overdrawn balance on this account representing 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. In the interests of improving the clarity of presentation of the accounts, a decision was made in 2017 to transfer £220,130 from the Endowment Property Fund in order to offset the deficit on this fund. The Millennium Project Account was therefore closed on 31st December 2017.

Buildings Fund

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals. The value of this fund at 31st December 2017 stands at £15,250,000 following the revaluation of Cathedral properties during 2014.

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 2017 £
Fund balances at 31st December 2017				
are represented by:				
Tangible fixed assets	62,846	-	15,250,000	15,312,846
Investments	700,000	20,055	710,452	1,430,507
Current Assets	717,010	126,679	-	843,689
Current Liabilities	(307,090)	(30,702)	-	(337,792)
Inter-fund loan	(275,492)	(37,536)	313,028	-
Total net assets	<u>897,274</u>	<u>78,496</u>	<u>16,273,480</u>	<u>17,249,250</u>

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

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £
Fund balances at 31st December 2016				
are represented by:				
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	<u>933,911</u>	<u>(161,335)</u>	<u>16,452,564</u>	<u>17,225,140</u>

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 2017 with the exception of the Friends of Southwark Cathedral where the figures relate to the accounting year ending 31st December 2016.

	Trustees of the Rectory of St Saviour	Friends of Southwark Cathedral	Development Trust
	£	£	£
Gross income	-	42,587	959,651
Net income before amounts paid to Cathedral	-	14,893	947,047
Amounts paid to Cathedral	-	5,977	453,178
Gross assets	72,599	304,494	818,755
Net assets	72,599	302,180	791,570

The amounts received from these connected charities were somewhat different from those received in 2015 when the Development Trust made grants totalling £124,361 towards various fabric works, financial support for the choirs and social mission work (for further information see the Fundraising section on page 10). Major projects including re-roofing the choir and completing the re-hanging of the bells mean that the grants totalled £453,178 in 2017.

21 Cash flow notes

Reconciliation of net income to net Cash flow from operating activities:	2017	2016
	£	£
Net income for the reporting period (as per SOFA)	(17,346)	15,501
Adjustments for:		
Depreciation charges	63,676	59,068
Income added to Endowment capital	(1,250)	(35,000)
Income from property and investments	(197,492)	(143,600)
Decrease in stock	(6,726)	(1,317)
Decrease in debtors	(94,886)	40,838
Decrease in creditors	85,853	(7,539)
Net cash provided by/(used in) operating activities	<u>(168,171)</u>	<u>(72,049)</u>
Analysis of cash and cash equivalent	2017	2016
	£	£
Cash in hand/held as Investment	544,779	550,671
Total cash and cash equivalents	<u>544,779</u>	<u>550,671</u>

22 Financial instruments

	Group		Cathedral	
	2017	2016	2017	Restated 2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>209,117</u>	<u>151,774</u>	<u>130,760</u>	<u>90,394</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>193,808</u>	<u>139,984</u>	<u>198,204</u>	<u>121,818</u>

23 Prior Year Adjustment

The Financial Reporting Council have completed their first triennial review of FRS102 and have ruled that gift aid payments from charity trading subsidiaries should not be recorded in the profit and loss account and instead are treated as dividends on the date of payment and cannot be accrued. Accordingly, gift aid payments of £19,916 paid in 2017, and £82,075 paid in 2016, have been included in the year paid, with the prior year creditor due from the trading subsidiary restated.