

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2013

**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 Bruce Saunders, Sub Dean and Canon Residentiary

The Revd Canon Leanne Roberts, Canon Residentiary

The Revd Canon Dr Stephen Hance, Canon Residentiary

The Revd Canon Gilly Myers, Canon Residentiary

Mr Matthew Knight, Comptroller

Mr Matthew Hall, Cathedral Warden

Ms Jill Tilley, Cathedral Warden

The Revd Canon Dr Rosemarie Mallett

Ms Gill Reynolds

Mr Adrian Greenwood

Sr Joyce Yarrow, CSF

In attendance:

The Revd Stephen Stavrou, Succentor

The Revd Canon Wendy Robins, Honorary Curate and Cathedral Chaplain

There were a number of changes to Chapter membership during 2013. The Venerable Dr Jane Steen resigned her position following her appointment in May 2013 as Archdeacon of Southwark. A successor as Canon Chancellor has yet to be appointed. Mr Andrew Cameron retired as Cathedral Warden at the Annual Parochial Church meeting in April 2013 and his place was taken by Mr Matthew Hall who was elected Cathedral Warden at the same meeting. The Revd Anna Macham who, as Succentor, had been in attendance at Chapter meetings was appointed Priest-in-Charge of St Philip's, Camberwell, in July 2013. Her place was taken by the Revd Stephen Stavrou who was appointed as Succentor in the same month.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – *chairman*

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Derek Bartlett

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Ms Stephanie Mills

Mr Pip Steen

Ms Jill Tilley

In attendance:

Mrs Toyin Tukasi – *Cathedral Accountant*

Mrs Bridget Abbott – *secretary*

The Fabric Advisory Committee

The Revd Charles Pickstone – *chairman*

Mr Peter Draper

Mr Alfred Fisher

Ms Jane Heath

Mr Luke Hughes

Mr Donald Insall

Miss Gillian Lewis

Mr Guy Rowston

In attendance:

Mr Richard Malins – *secretary*

The Very Revd Andrew Nunn – *Dean*

Ms Kelley Christ – *Cathedral Architect*

Mr Matthew Knight – *Comptroller*

Mr Nick Grenside – *Deputy Cathedral Warden*

Director of Music

Mr Peter Wright

Bankers

National Westminster Bank plc

10 Southwark Street

London SE1 1TT

Chapter Clerk and Solicitors

Mr Paul Morris

Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

Independent Auditors

Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

Cathedral Architect

Ms Kelley Christ

Purcell Miller Tritton LLP

15 Bermondsey Square,

London SE1 3UN

Archaeological Consultant

Mrs Nathalie Cohen

17 George Street, Sparrows Green

Wadhurst

East Sussex TN5 6TB

Surveyors

Biscoe Craig Hall

5-6 Staple Inn

Holborn

London WC1V 7QU

Insurers

Ecclesiastical Insurance Group

Beaufort House

Brunswick Road

Gloucester GL1 1JZ

Structure, Governance and Management

Governing Statutes

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

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

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

The Cathedral's Role in the Diocese

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

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

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

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

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

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

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

The organisational structure of the Cathedral

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

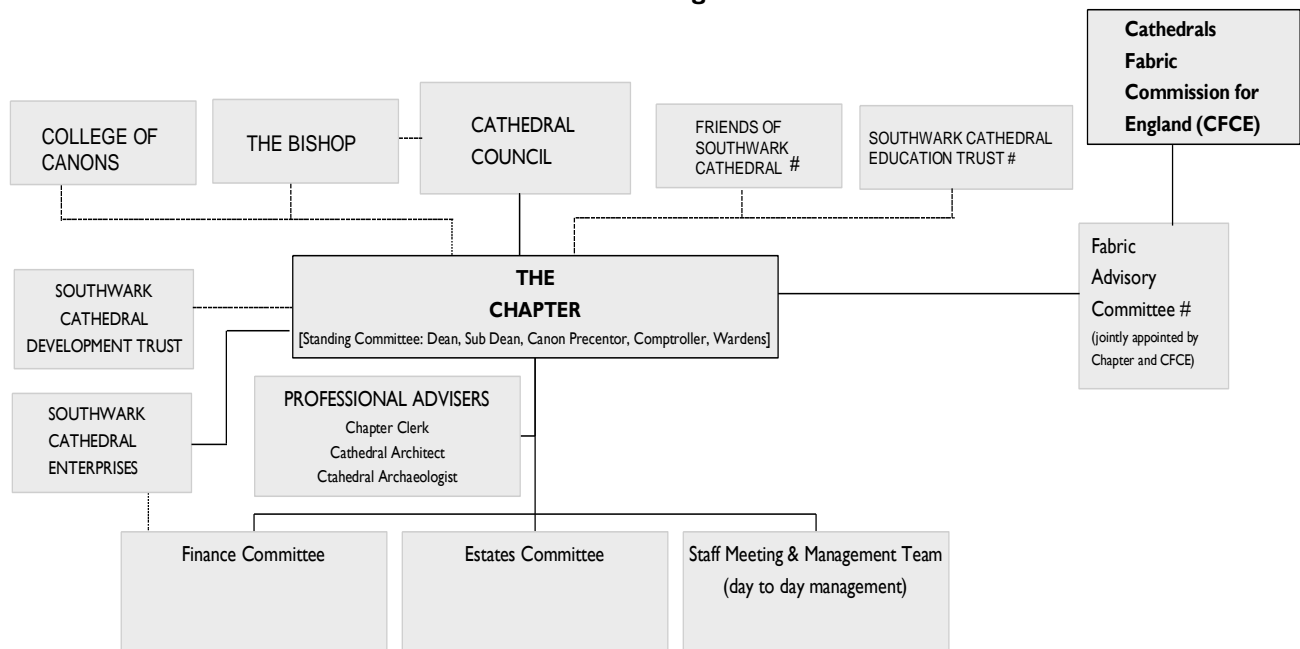
The **Bishop of Southwark** has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan services and events. He is the Visitor and in this role ensures the observance of the Constitution and Statutes.

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

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

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

Southwark Cathedral Organisational Chart



Committees with external membership

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

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

In November 2013 the former Property Committee was wound up and will be replaced by a new **Estates Committee** in Spring 2014. The purpose of this new committee is to advise the Chapter on the strategic management and maintenance of

its property portfolio. Management of day-to-day property maintenance issues passed to the Senior Management Team.

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 34.
- *The Southwark Cathedral Development Trust*
This registered charity, formed to raise funds for the Millennium Project, is now dedicated to the fundraising campaign. A summary of the financial performance of the Trust in 2013 is given in the Fundraising Report on page 11 and in note 21 to the accounts on page 44.

The responsibilities of the Chapter

It is the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral, including ordering the worship and promoting the mission of the Cathedral. The Chapter is also responsible under the requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for:

- a) preparing and publishing an annual report and audited accounts which give a true and fair view of both the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of Southwark Cathedral and its related entities;
- b) stating that they have complied in all material respects with the guidelines on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for the non-compliance;
- c) selecting suitable accounting policies and then applying them consistently;
- d) making judgments and estimates which are reasonable and prudent;
- e) keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time;
- f) safeguarding the assets of the Cathedral and 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 2013

In May 2013 the former Canon Chancellor, The Revd Canon Dr Jane Steen, was appointed Archdeacon of Southwark. The appointment of a new Canon Chancellor is pending.

The Revd Anna Macham, Succentor since 2007, was appointed Priest-in-Charge of St Philip and St Mark, Camberwell, in July 2013. She was succeeded by the Revd Stephen Stavrou who took up his duties in the same month.

There was one change to the membership of the Cathedral Council. Susanna Bloomfield, the Cathedral staff representative resigned at the end of her three-year term and her place was taken by Peter Wright, Director of Music, whose first meeting was the joint meeting of the Council and Chapter in June 2013.

At the beginning of January, Kelley Christ formally took up the position of Cathedral Architect following the retirement of Richard Griffiths after 16 years' service.

Andrew Cameron retired as Cathedral Warden at the Annual Parochial Church meeting in April 2013 after serving for six years. His successor was Matthew Hall who was elected as a new Cathedral Warden at the same meeting. Also elected were two new Deputy Cathedral Wardens: Nick Grenside and Gill Walley. Following his retirement as Cathedral Warden, Andrew Cameron's place on the Finance Committee was taken by Jill Tilley, also a Cathedral Warden.

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*

David Payne – *Visitors' Officer*

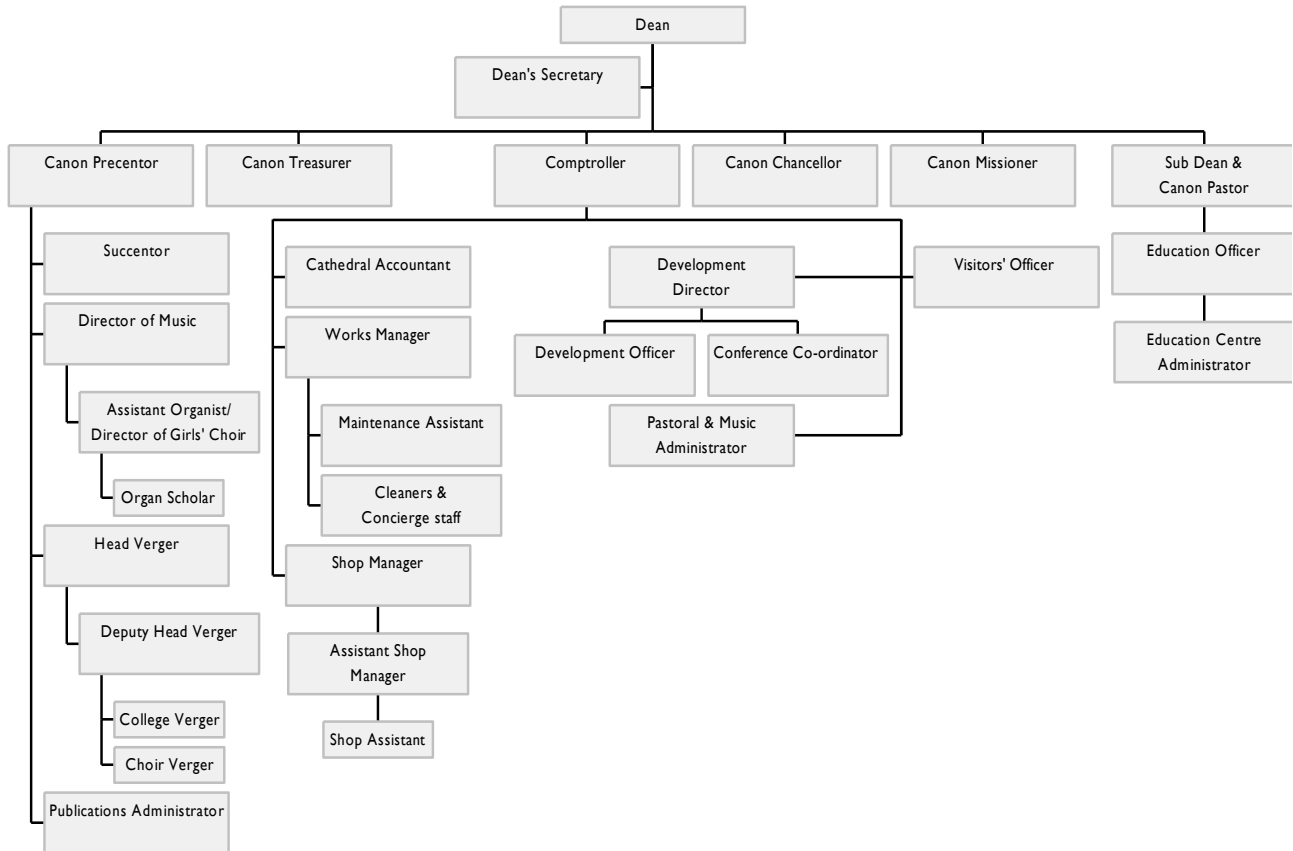
Robert Darling – *Works Manager*

Jon Dollin – *Shop Manager*

There were a small number of staff changes in 2013. In February, Rose Harding was appointed to the new post of Development Director which combines her previous responsibilities for business generation for the Cathedral and for Southwark Cathedral Enterprises Ltd with management of the Development Office for Southwark Cathedral Development Trust. In November, Alice Willington was appointed as the new Development Officer working in the Development Office.

A chart showing the staff structure is set out on the next page. The number of employees is listed in Note 12 of the accounts on page 38 and a list of the voluntary roles appears on page 14.

Staff Organisational Chart



The Cathedral's Mission and Review of the Year

Mission Statement

Southwark Cathedral stands to the glory of God.

We are committed to

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

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

Review of the past year

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

At the end of another busy year in the life of the Cathedral, we were delighted to welcome Her Majesty The Queen and HRH The Duke of Edinburgh in November to view the new Diamond Jubilee window in the retrochoir designed by Icelandic artist Leifur Breidfjord which had been unveiled in June 2012. The Great Choir sang as the royal party entered the Cathedral and the Broderers gave a demonstration of their work on the new Jubilee Copes commissioned by the Bishop.

November was also the month when a very well-received BBC4 documentary, *Cathedrals*, was broadcast. The final programme featured a week in the life of Southwark Cathedral filmed in July. The other two programmes in the series had been filmed at Wakefield and Wells Cathedrals.

During 2013, the Cathedral community embarked on a programme which brought together worship, prayer and study, called *Living God*. Beginning in the autumn with a series of workshops, the programme continues into 2014. The aim of the programme is look at the ways in which our relationship with the Living God affects everything that we do, the decisions we make, and the way we live as well as what we do within the Cathedral and beyond it.

The Dean jointly led a Diocesan Pilgrimage with Bishop Christopher to the Holy Land and a further sixty people joined a pilgrimage to Santiago de Compostella.

Following the consecration of The Venerable Michael Ipgrave, Archdeacon of Southwark and Canon Missioner, as the new Bishop of Woolwich, we were delighted to welcome The Revd Canon Dr Stephen Hance, formerly Vicar of the Ascension, Balham Hill as Canon Missioner. Stephen was formally installed as Canon Missioner at Choral Evensong on 13th January 2013 and welcomed into the Cathedral community.

The Revd Anna Macham, who had been with us for the past six years, left to take up a new post as Priest-in-Charge of St Philip & St Mark, Camberwell in July 2013. The Revd Stephen Stavrou was appointed to succeed her as Succentor and Chaplain to the Guy's, King's and St Thomas' Medical Schools. He was installed at Choral Evensong on 8th September. We are still awaiting the appointment of a new Canon Chancellor to succeed The Revd Canon Dr Jane Steen who was appointed as the new Archdeacon of Southwark in April 2013.

For much of the year the Cathedral church was surrounded by scaffolding while roof repair works were carried out on the north choir aisle, Harvard Chapel, north transept and south nave aisle. This urgent work has ensured that all of the roofs are now water tight and we can now begin to turn our attention to the stonework and to the interior. It was a relief to see the new boilers installed in the Cathedral early in the year and a new heating system for the Education Centre and

Shop was also completed in January 2014. We are grateful to the Trustees of the Rectory of St Saviour for their grant of £130,000 which enabled the boiler and heating works to be carried out.

During the year, the Cathedral's Constitution and Statutes were revised and among the amendments were provisions to allow for the creation of Ecumenical Canons and a larger number of non-residentiary canons in the College of Canons. We are grateful to a small group of volunteers from the Cathedral Council who worked to bring these revised documents into being and rationalised some of the anomalies carried forward from previous versions.

The area around the Cathedral continues to change. The Shard opened to the public in February and Borough Market was officially opened after its partial closure during the Thameslink rail works which have been ongoing for the past six years. HRH The Prince of Wales and The Duchess of Cornwall were present at the opening and the Prince of Wales rang the market bell while the Dean gave a blessing.

Following water damage to the organ during the roof works to the south choir aisle in November 2012, major repairs were carried out between May and July 2013 by Harrison and Harrison. With the organ out of action for a number of weeks, a replacement electronic organ was used. However, Harrison's did an excellent job, and worked with great speed and efficiency to enable the organ to be back in use by late July. The Director of Music is delighted to report that it now sounds better than ever and that the damage to this historically very important instrument turned out not to be as serious as at first feared. The full cost of repair was covered under the Chapter's insurance policy with Ecclesiastical Insurance Group.

In November 2012, we had become aware that squatters had taken up residence in All Hallows Church. The Chapter sought legal advice on how best to proceed and obtained a possession order at Lambeth County Court in late January 2013. An initial eviction took place in May but unfortunately the squatters broke straight back into the building despite security measures having been put in place. A further eviction order through the High Court was eventually obtained and the squatters removed in August. In order to make sure the buildings were occupied, the Chapter decided to enter into a short-life agreement with a local housing co-operative for them to occupy the site and provide accommodation for their tenants in exchange for carrying out some basic refurbishment on site. The new tenants moved in on the day of the eviction and there have been no further problems. The housing co-operative's tenants will continue to live at the church until such time as the Chapter wishes to bring the site back into use for social mission work.

In late 2012, the Church of England General Synod threw its weight behind the Living Wage Campaign which aims to encourage employers to offer an hourly wage in excess of the national minimum wage (currently £7.65 per hour against a minimum wage of £6.31). In May 2013, the Chapter made a policy decision to adopt the national living wage for all staff and to encourage its contractors and suppliers to do the same. All staff employed by the Chapter are now paid at least at the national living wage but the aim is to go further and pay the London living wage (currently £8.80 per hour) as soon as we are in a position to do so. At the end of 2013, there were five members of staff not earning the London living wage.

In May 2013, the Chapter adopted an Environmental Policy which committed us to setting up an effective management system which will set, deliver and regularly review measurable environmental objectives. Some of the practical ways in which we worked towards these objectives during the past year have included the installation of new, more efficient heating systems, introduction of LED lighting wherever possible and changing our waste contractors, thereby increasing the proportion of our waste that is recycled from 20% to an expected 80% by the end of 2014. Our procurement procedures have changed with more contractors and suppliers being sourced from within the M25 to reduce journey times, and our new cleaning suppliers offer a range of eco-friendly products.

During 2013 there were signs that the Cathedral's overall financial position was gradually starting to improve after several difficult years. The recommendations originally made by the Chapter's Strategic Review carried out in 2009-2010 have now largely been implemented. These have resulted in more than 75% of our outstanding debt to the Diocese of Southwark being paid off with a plan to pay back the remainder (£140,000) by 2018. The Chapter is grateful for the continued support of the Diocesan Board of Finance in providing this financial assistance.

Efforts to develop new sources of income and control costs are on-going and have been successful, as the improved performance of Southwark Cathedral Enterprises demonstrates. We were fortunate to receive a large legacy from the estate of Joan Bernard early in the year and this, together with better than expected income from trading activities, has

ensured that the overall cashflow position improved and reduced the chances of us again needing to borrow in future to meet our day-to-day expenses. However, another tough budget-setting exercise was carried out for 2014, with every department asked to maintain a tight control over all expenditure while trying not to affect the core work and mission of the Cathedral. Although congregational giving declined slightly in 2013, the Chapter remains very grateful for the continued support of the congregation in providing this very important source of income which enables us to budget and plan ahead with confidence.

Fundraising

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

In 2011 it was decided to launch a new fundraising campaign to endow the Cathedral's music, undertake major works to the organ, carry out a large amount of repair work on the Cathedral church that was identified in the architect's 2009 Quinquennial Inspection Report, and to fund new social mission work in the parish and local area. A Fundraising Executive Group (chaired by the Dean) was formed to develop and implement a coherent and fully-researched fund-raising strategy, oversee the production of publicity, construct an appropriate events programme and approve all applications to foundations and other grant givers. A Fundraising Council was also created to harness the time and talents of individual members in the interests of the trust's fundraising initiative and to orchestrate individual actions so as to maximise the fundraising potential. We were pleased to welcome Alice Willington as the new Development Officer in November 2013. This means we now have a fully functioning development office in place to take the fundraising efforts forward to the next stage.

Since 2011, Southwark Cathedral Development Trust (The Trust) has received all donations and made grants to the Cathedral. At the end of 2013, the Trustees were pleased to be able to report that the total raised so far since the appeal began (after deduction of fundraising costs) is £723,916 with a further £91,000 due to be paid from the CFCE/Wolfson Foundation in 2014 on completion of roof works and £20,000 towards forthcoming stonework and monument repairs (giving a total of £868,741 of which £252,978 was raised during 2013).

So far, £572,603 has been raised for fabric (including £11,297 for the bells project), £97,363 for music and £53,950 for social mission and our plans to bring All Hallows church back into use as a centre for worship and community activities. The Trust made grants to Southwark Cathedral of £294,219 in 2013. Of this, £285,569 was given for fabric works and £8,560 towards initial survey work at the All Hallows site.

Review of progress and future plans

In 2012, the Chapter set out the following priorities for the year ahead:

- *Establish a Property Strategy Group to advise on the best use of the Cathedral's property portfolio and to recommend disposals and purchases that will ensure that the estate generates a healthy investment income as well as providing good quality accommodation for staff.*

The Chapter has decided to establish a new Estates Committee to consider a report on the property portfolio that was received during 2013. This will make recommendations to the Chapter about future disposal and acquisitions while maintaining a portfolio that meets the Chapter's needs in terms of staff accommodation and investment income.

- *Seek funding for the rolling programme of repairs to the Cathedral roofs.*

As part of the fundraising campaign, the Fundraising Executive and Council (see Fundraising section above) have overseen a highly successful campaign to raise enough money to carry out extensive works to the Cathedral roofs.

Grants from the Cathedral Fabric Repair Fund, the Garfield Weston Foundation and the Hedley Trust have contributed over £500,000 towards this work since 2012 enabling the south choir aisle, south nave aisle, north choir aisle, Harvard Chapel and north transept roofs to be replaced. A further direct appeal to the congregation met with a very generous response and ensured that a funding gap of £30,000 for the north transept roof was closed thereby saving an estimated £100,000 in extra scaffolding costs were the work to have been done at a later date rather than at the same time as the adjacent north choir aisle. All the roofs are now finished (with the exception of the Nave and Chancel which are not currently regarded as in urgent need of repair).

- *Work with local partners and the community to consider ways in which the All Hallows site can be brought back into use as a centre for some form of social mission activity.*

After a year of building bridges with the local community and re-engaging with the residents of our parish, work has begun to discern how the site at All Hallows can be brought back into use. The Dean is working with The Good Life Group, and a project team delegated by Chapter to oversee the work, and plans are being drawn up to bring parts of the site back into use on a staged basis in the coming years. Extensive consultation and research will take place to determine what the community's needs are so that we can offer something that is not already provided elsewhere by local authorities or other charitable organisations.

Looking ahead, the priorities for the Chapter are to continue to deepen the faith and spirituality of the congregation through the *Living God* programme, to begin planning the next phase of fabric repairs in the Cathedral, this time focusing on stonework and monument conservation and considering access issues, and begin working with the Estates Committee to draw up a strategic plan for our property portfolio.

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 following table gives the pattern of regular Services held in the Cathedral together with their average attendances. These attendance levels have remained largely unchanged when compared to 2012.

Sunday Services	Average attendance
8.45am Morning Prayer	4
9.00am Eucharist	35
11.00am Choral Eucharist	410
3.00pm Choral Evensong	130
6.30pm '6.30 at Southwark' *	45
Weekday Services	
8.00am Morning Prayer	10
8.15am Eucharist	8
12.30pm Midday Prayer	5
12.45pm Eucharist	15
5.30pm Choral Evensong (or Evening Prayer when the choir is on holiday)	55
Saturday Services	
9.00am Morning Prayer	4
9.15am Eucharist	8
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 organised by the young people at the Cathedral through YouthXpress. These "6.30 at Southwark" services continue to attract four distinct and stable congregations.

In addition there are many special services held in the Cathedral including memorial services, Diocesan services, 38 carol services in December, two consecrations and a number of weddings and funerals.

Music

The number of choristers is being well maintained with the full total of boys (including probationers) standing at 27 and that of the girls at 28. In addition there are 6 Lay Clerks and 8 Choral Scholars.

The *raison d'être* of any Cathedral Choir is 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. In addition major festivals enjoy fully choral services. Since September the lay-clerks have been singing regularly on Mondays with the girls to enable them to enjoy the full range of SATB repertoire.

As well as the regular rehearsals, services and concerts, probably the highlight of 2013 was the visit of HM The Queen to the Cathedral in November to view the beautiful Diamond Jubilee Window designed by the Icelandic artist, Leifur Breidfjord. The Great Choir (boys, girls and men) performed, amongst other things, *Vast Ocean of Light* by Jonathan Dove, a work from the Jubilee publication, *Choirbook for the Queen*.

The *Merbecke Choir* (for young singers, including former choristers) under its Director, Huw Morgan, produced a fine CD (*The Shadow of Thy Wings*) in the summer which contains a feast of renaissance polyphony by Byrd, Tallis, Gibbons, Croce, Handl, Philips, and Victoria's wonderful double choir setting of *Ave Regina caelorum*. There are also first recordings of works by John Pickard, Alexander Campkin and Huw Morgan alongside music by Paul Patterson and Daan Manneke. The recording also includes the complete office of Compline, the choir's signature service, and is rounded off by Holst's glorious eight-part setting of the *Nunc Dimittis*. Details can be found at www.merbecke.org.uk/cd.html.

Former organ scholars continue to distinguish themselves. Daniel Cook (2000-2002) relinquished his post as Organist and Master of the Choristers at St David's Cathedral in September to return to London as Sub-Organist of Westminster Abbey. Jonathan Hope (2010-2012), currently Organ Scholar at Winchester Cathedral, has recently been appointed Assistant Director of Music at Gloucester Cathedral. The current incumbent, Martyn Noble, continues to be an indispensable member of the team.

The Old Choristers' Association continues to flourish and, on Sunday, 8th September, met for its annual lunch and reunion; a good number of recent choristers attended. We were sad to record the deaths of two Old Choristers; Dr Richard Marlow, who held the post of Director of Music at Trinity College, Cambridge for many years with great distinction, and Anthony Sangwine, who for many years lived in Toronto, Canada. His twin brother, Marcus, was with us and we were able to convey our condolences in person.

Former choristers continue to distinguish themselves in the musical world and other walks of life. Freddie James, who was Organ Scholar at St John's College, Cambridge, gained a first-class degree in July and is now working towards an MPhil – again at St John's, whilst Milo Harper is now principal harpist of the National Youth Orchestra. Another first-class degree was gained by Ruth King at Oxford and Vienna Francis-Mullins is training for ordination at Westcott House. Arthur Malins is now living in Derby where he is a Graduate Railway Engineering Trainee and singing in the Voluntary Choir at Derby Cathedral; his brother, Edwin, is studying at Reading University while singing as a Choral Scholar at Waltham St Lawrence. Another former chorister, Britton Forsyth, has developed a very fine counter-tenor voice and so has become a Choral Scholar here at Southwark.

During the year we said farewell to two choral scholars, Owen Hughes (after 12 years' loyal service) and Sam Keeler. Tom Butler and George Finlay left the Boys' Choir and Lily Blackmore the Girls'. All were admitted as members of the Old Choristers' Association.

The cost of the music in 2013 was £164,061 (£170,035 in 2012). The Cathedral receives income each year for the provision of its choirs from the Choirs Endowment Fund. At 31st December 2013 the endowment stood at £564,923 and generated an income of £19,233 which was applied to the cost of the music. We also received a number of grants including £10,200 from the St Olave's and St Saviour's Grammar School Foundation.

Volunteers

Many members are involved in the voluntary committees of the Chapter which deal with matters such as property and pastoral issues. People find many ways of contributing to the church by volunteering their time and skills. The contribution of these volunteers is essential and greatly appreciated. The Cathedral could not operate at the level of excellence or activity that it does without them.

As the table on the next page shows, the Cathedral is supported by a huge number of volunteers who give over 26,000 hours of their time a year, worth hundreds of thousands of pounds, across a diverse range of work. The contributions

from the volunteers, some of whom are highly skilled, are greatly appreciated and allow the Cathedral to expand the scale and scope of its ministry and to provide a warm welcome to its thousands of visitors. The volunteers in turn have an opportunity to gain experience that may help them into employment or the satisfaction of using talents honed over a lifetime. Volunteers featured prominently in the BBC4 documentary about the Cathedral, and the Broderers, who conserve and make vestments and fabrics, had an opportunity to show the Queen the new Jubilee copes which they have designed and are making. An afternoon promoting volunteering in the community was held in May.

The Cathedral aims to manage its volunteers in an increasingly professional way in line with the commitment it made in 2012 to comply with the code of practice set out in the Greater London Volunteer Management Charter. The volunteer programme is regularly reviewed at a senior level. The appointment of a Volunteer Coordinator, Sarah Mann, in 2011 and the new twice-yearly meeting of the leaders of the many volunteer groups have proved an effective way of listening to the views of volunteers and spreading good practice.

Voluntary involvement in Cathedral life

Organisation	Number of volunteers
Bell ringers	45
Broderers	12
Cathedral chaplains	16
Choirs – Merbecke & Thursday Singers	72
Committee members	74
Day chaplains	36
Education Centre volunteers	22
Electoral Roll Officer	2
Eucharistic ministers	25
Fairtrade Stall	7
Flower arrangers	38
Guides	22
Honorary vergers	8
Intercessors and readers	56
Office volunteers	18
Servers	39
Shop volunteers	11
Stewards	52
Recorder	1
ROBES project volunteer	29
Sunday coffee	20
Sunday School	24
Volunteer Co-ordinator	1
Wardens and Deputy Wardens	4
Welcomers	44

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. A full revision of the roll took place in 2013, in accordance with the rules, and the new roll stood at 439 at the APCM in April 2013. Between then and the end of the year a further 37 names had been added to the roll bringing the total to 476 in December 2013.

Parish and community

The Cathedral serves as a parish church for the rapidly changing neighbourhoods along Bankside from the edge of Tate Modern to the west as far as Hay's Galleria to the east. The parish reaches south from the Thames to Union Street (with a small deviation to include the Cathedral School and the All Hallows site). The parish also includes Borough Market, Guy's Hospital, Shakespeare's Globe, London Bridge Station and The Shard. The population of the parish grows and changes daily. As old buildings are renovated for residential use and new luxury flats and student accommodation blocks spring up in unlikely places, and with the new retail outlets catering mainly for commuting office-workers, those who have made their homes here continued to experience not just the impact of constant building work but increasing pressure on schools and medical services.

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

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey. St Hugh's comes under the pastoral supervision of the Canon Pastor, assisted by a part-time assistant priest, the Revd Jessie Anand, the Revd Linda Scott-Garnett as honorary curate, and two Readers. The 19th-century building was demolished in 2011. The new church was rededicated by the Bishop of Southwark in December 2013 and has begun its new life as a place of worship and community service.

In 2012 the Cathedral began to think again about the future of the All Hallows site in Copperfield Street and conducted a community audit to garner opinion about what would enhance life for those living in the neighbourhood. This work has continued with the assistance of various community and business partners including PricewaterhouseCoopers Emerging Leaders programme. The creative triangulation of the Cathedral, St Hugh's and All Hallows promises to be an exciting prospect for the future.

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

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

In addition to the extensive work we also do with children and young people from our own congregations, there are opportunities for adults to continue learning and growing: a monthly Bible study; regular courses on a variety of aspects of faith and Christian practice; and fifteen 'Interest & Action Groups' offering opportunities for involvement in a further range of practical projects – from Feminist Theology to Zimbabwe. And autumn 2013 saw the launch of *Living God*, a major year-long process to help the congregation re-engage with questions of faith, spirituality and discipleship.

The Cathedral also offers volunteering and training opportunities to local people who may not be part of the congregation, chiefly through connections made with education and training organisations by David Payne, the Cathedral Visitors' Officer.

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

The Cathedral's link with the Diocese of Masvingo in Zimbabwe, (as part of the Diocese of Southwark's partnership links with four Zimbabwean dioceses) has continued to strengthen through the exchange of prayer and information and the provision of financial help.

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

The Cathedral contributes financially to the local, national and international community by giving 10% of the money raised through the planned giving scheme each year to a variety of charities. In 2013 the sum donated was £25,225 (£23,053 in 2012).

Southwark Council

Good relations are maintained between the Chapter and Southwark Council's councillors and officers and the Dean has made it a priority to engage positively with the Council at all levels. We were delighted to receive a grant from Southwark Council in late 2012 for the repair of the Cathedral clock.

Hospitals and universities

Links with hospitals and universities continue to be an important part of the Cathedral's mission. The Succentor, The Revd Stephen Stavrou, is Chaplain to the Guy's Campus of King's College, London and strong links have been built up between the Cathedral and medical, biomedical and dental medical schools. The annual GKT Music Society December concert is a regular feature of the Christmas calendar.

Southwark Cathedral continues to enjoy partnerships with a number of universities and colleges by hosting awards ceremonies throughout the year. It is an important part in maintaining our valued and long-held relationships with these higher-educational establishments such as Kaplan Law School, King's College, London and Regent's University and the Royal College of Organists. Our links with King's College remain strong and in February their alumni joined us for Choral Evensong and then held their annual lecture, given on this occasion by Lord Carlile, in the Cathedral.

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

Other events in the Cathedral

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

Regeneration in the Bankside area is now well into its second decade. The completion of the Shard in 2012 and the major redevelopment of London Bridge station between 2013 and 2018 as part of the Thameslink project to improve travel connections to, and through, this part of London, mean that Southwark Cathedral finds itself very much at the heart of a burgeoning business and local community.

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

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, Archdeaconry Visitations for Southwark and Lewisham & Greenwich.

We were joined at two special Choral Evensongs by the Worshipful Company of Launderers and the Worshipful Company of Glaziers. The Commissioning Service for the new Mothers' Union President took place in the earlier part of 2013 as did Archbishop Justin Welby's Prayer Pilgrimage on his way to Canterbury. This was an extraordinary day and drew many people to the Cathedral. Archbishop Welby spent six hours in the Cathedral with visitors and congregation members and the procession to the Cathedral included prayers in Borough Market.

The retirement Service for Irene Bishop, Headmistress of St Saviour's and St Olave's School, took place in the Spring, and we also marked the retirement of Barbara Lane as Director of the Southwark Diocesan Board of Education at a Choral

Evensong in July. Other notable events in the calendar included the consecration of the new Bishop of St Germans, a service to mark the 50th anniversary of the Southwark Ordinations Course and the Memorial Service for the Chair of The Police Federation of England and Wales, Paul McKeever, and a memorial service for Ian Mackrill (a former steward at the Cathedral). The London Borough of Southwark returned to us for their Civic Service and we also hosted a service to mark Jamaican Independence Day in August.

More unusually, Canon Bruce Saunders blessed dough to be used in *Bread Ahead* – a new trader in Borough Market. The Apostolic Pastoral Congress of Great Britain held their awards ceremony and Ordinations at the Cathedral in the Autumn and at the end of November 1,200 guests gathered to celebrate the 20th anniversary of The Ascension Trust, and the 10th anniversary of Street Pastors. Guests included the Mayor of Southwark and the High Commissioner for Antigua and Barbuda, and the Bishop of Southwark preached.

The Cathedral is now a very popular venue for concerts and events despite this being a very competitive market in London. This is as a direct result of our ideal location with extensive travel links to all parts of London, the Home Counties and beyond. Partly as a result of the London 2012 effect when the number of overseas choirs using the Cathedral increased substantially, we have continued to welcome visiting choirs and orchestras from around the world. In 2013, these included the City of London Sinfonia, The Nidaros Cathedral's girls choir from Trondheim in Norway, Longmeadow Lyrics Choir from Massachusetts, two choirs from Texas, choirs from Minnesota, Oklahoma, Orange County, Albuquerque, Connecticut, the Schaumburg Youth Orchestra from Illinois, the Youth Symphony Orchestras from Belarus and Russia, two choirs from the Netherlands and a male voice choir from the Republic of Georgia performing in national costume. Closer to home, we welcomed the Slough Music Schools partnership with Eton College, Newmill Male Voice Choir from Yorkshire, the Mousehole Male Voice Choir and, in our Diocese, The Croydon Male Voice Choir and the 1885 Singers.

To coincide with the 100th anniversary of the birth of Benjamin Britten, Mahogany Opera chose Southwark Cathedral as one of the venues for their tour of his three *Church Parables* (*Curlew River*, *The Burning Fiery Furnace* and *The Prodigal Son*) in July which also included performances at St Ekaterina's Lutheran Church in St Petersburg, Orford Church as part of the Aldeburgh Festival, and at Buxton Opera House. *Curlew River* had been performed here under Britten's baton in the 1950s. The *Parables* were performed to great critical acclaim. The anniversary was also marked by an Arts Council-funded production of *Noyes Fludde* performed here by the Southend Youth Orchestra together with the Britten Sinfonia and school choirs from Southend and Thurrock.

The American School (TASIS) were with us once again in the Summer and performed *Love's Labours Lost*. Shakespeare's birthday was marked in the usual way on 23rd April with Rick Jones and Arthur Smith and a recital entitled *Wars of the Roses Syndrome*.

Sir John Eliot Gardiner was here for the launch of his book *Music in the Castle of Heaven, a portrait of J S Bach* illustrated with recordings of his performances of Bach's music with the Monteverdi Choir and Orchestra. The event was a sell-out success. The *Poet in the City* event combined poetry by George Herbert and music by The Merbecke Choir as well as a discussion panel in which acclaimed poets marked the publication *Music at Midnight: The Life and Poetry of George Herbert*.

The South Iceland Chamber Choir's concert in November, including the premiere of Sir John Tavener's *Three Shakespeare Sonnets*, was unexpectedly poignant coming just days after the composer's untimely death. Enormous media interest in the concert ensured that every seat was sold and many people were turned away at the door. Lady Tavener was present at the concert accompanied by her two daughters.

The Friends of Southwark Cathedral held their annual Quiz Night, Come and Sing event and Friends Dinner in the Cathedral. Black History Month was marked in October with a special service and workshops and we hosted the Next Steps Women Clergy Conference on behalf of the Diocese.

We are increasingly becoming a venue of choice for local organisations. We welcomed St Thomas' Enterprises and their St Thomas Foundation Schools stallholders day in the nave to attract prospective medical students, offering them a chance to research under one roof the different courses available. Another very local institution, The Worshipful Company of Launderers, held their Ladies Banquet in the nave in mid-May.

Exhibitions included Andrew Logan's constellation hanging in the Tower space between Christmas and Candlemas; the Nic

Fiddian Green piece entitled *Christ Rests* positioned at the high altar for Lent and the Walking and Talking Interfaith Walks exhibition (South London) brought to us by Sarah Thorley.

December was, once again, exceptional. We began as usual with the Advent Procession followed by more than thirty carol service and concerts for local schools and organisations within a space of the next 20 days. These included our own foundation schools (The Cathedral School, St Saviour's and St Olave's Girls' School and St Olave's Boys' School), Dulwich College and Dulwich Preparatory School, The London Nautical School, Streatham and Clapham High School and organisations including Marie Curie Cancer Care, The Financial Times, Barclays, Winckworth Sherwood, PricewaterhouseCoopers, The Greater London Authority and News UK who are moving into the area in 2014. The London Concertante gave a Christmas concert as did our own Cathedral Choir and the Merbecke Choir. Two extremely popular services of Nine Lessons and Carols just before Christmas rounded off a very busy period in which we welcomed many thousands of people to the Cathedral for acts of worship.

Major works to the fabric

The total value of major works to the Cathedral in 2013 amounted to £409,093 (£154,755 in 2012). The major item of work consisted of re-roofing the south nave aisle, north choir aisle, Harvard Chapel and north transept (a project due to be completed in March 2014). Final payments were also made for the re-roofing of the south choir aisle and organ chamber which had been started in 2012. Grants from Southwark Cathedral Development Trust covered the costs of these works.

The replacement of the Cathedral boilers, which broke down irreparably in February 2012, was finally completed in January 2013 and a further grant of £61,152 from the Rectory Trustees (in addition to £50,000 received in 2012) enabled this work to go ahead.

A significant element of the Chapter's expenditure in 2013 was the maintenance of the Cathedral Church and its precincts. The staff of four vergers, works manager, maintenance assistant and three cleaners/conference room attendants care for the buildings and grounds day to day and supervise maintenance and repair work. The cost of this area of the Cathedral's activity was £447,778 plus £409,093 expenditure on major works (total of £856,871), a substantial increase on the cost in 2012 of £410,078 plus £154,755 expenditure on major works (total of £564,833).

The Friends of Southwark Cathedral

The Friends enjoyed a varied and active programme throughout 2013. Membership continued to remain steady and it was good to welcome many new Friends to our social events.

Annually we enjoy a range of regular events: the Annual General Meeting, a visit to the Globe, the Quiz Night, the Advent Tea and Carol Service, and the Christmas Market. As usual this was further enhanced by Saturday talks and the Friends Festival where, together with the RSCM, we hosted a Come and Sing event. Several book sales took place which helped raise the profile of The Friends and raise valuable funds.

The Dean kindly invited us to his home at The Deanery on Bankside for a number of occasions during the year: refreshments around the Globe visits, afternoon tea in September and for the Christmas Soirée. The Friends' Dinner was held for the first time in the Retro-choir at which The Very Revd Victor Stock was a very entertaining speaker.

All these events enable us to raise valuable funds for the Cathedral, but equally as important they enable us to spend time together as Friends celebrating all that is good about Southwark. We advertise our events widely to ensure they are provided for the public benefit and we welcome anyone who wishes to join the Friends.

The Trustees continue to meet four times each year to discuss the financial management and overall direction of the Friends. As a regular annual commitment monies were given for the Christmas decorations in the Link and marquee; flowers in the Cathedral for Easter Day and Christmas; the end-of-year Choir tea and telephone support for the stewardship database. Other monies were given to enhance the lighting within the Cathedral.

The Trustees finally received information to enable The Friends to progress to become a Charitable Incorporated Organisation. At the end of December 2013 a draft Constitution had been written and is to be presented to the Annual

General Meeting of The Friends in April 2014 for their consideration. The Trustees consider that all activities undertaken have been for the public benefit, and that they have paid due regard to guidance from the Charity Commission in determining what work is done.

Diocesan and extra-Cathedral activities of the Dean and Canons

The Very Revd Andrew Nunn (Dean)

The Dean is a member of the General Synod and the Diocesan Synod. He is a member of the Crown Nominations Commission.

He is a trustee of the St Olave's and St Saviour's Grammar School Foundation and the Chairman of its Foundation Fund Committee. He is the Vice-Chair of the governing body of St Saviour's and St Olave's School for Girls in Southwark. He is also Chaplain to the Worshipful Company of Launderers and the Whitsters Club and an Honorary Liveryman of the Worshipful Company of Glaziers and Painters of Glass.

The Dean contributes to the local church by teaching and speaking at a number of courses and events. He is Rector-General of the Society of Catholic Priests.

Canon Bruce Saunders (Sub Dean and Canon Pastor)

As Canon Pastor, Canon Saunders acts as the parish priest for the Cathedral parish and congregation and is minister-in-charge of St Hugh's, Bermondsey, a Conventional District within the Cathedral parish. Canon Saunders chairs the Cathedral Education Centre's Management Committee, and the Cathedral's Zimbabwe Link Group (until December 2013), is a governor of the Cathedral Primary School, a Governor of the Newcomen Collett Foundation, a member of the Bankside Residents' Forum Management Committee, and a trustee of Crisis (until December 2013), the charity for homeless people. He was appointed as Sub Dean in December 2011.

Canon Gilly Myers (Canon Precentor)

Canon Myers is Chair of the Diocesan Guild of Servers and a member (Chair designate) of the Diocesan Liturgical Committee and of the Planning Group for the 2014 Diocesan Clergy Conference. In the wider church, she is Chair of Praxis South, Secretary of the Precentors' Conference and a member of the Group for Renewal of Worship (GROW). She makes occasional contributions to the local and wider church through teaching and training engagements.

Canon Leanne Roberts (Canon Treasurer)

Canon Roberts is the Diocesan Director of Ordinands. In this role she works within the diocese to implement the Bishop's strategy for vocations, helping foster vocations to lay and ordained ministry. She oversees a large Vocations Team of Vocations Advisers, Area Directors of Ordinands, and Examining Chaplains, and also works with candidates for ordained ministry both pre-and post-selection, and assists in placing ordinands in their title posts.

Canon Dr Stephen Hance (Canon Missioner)

As Canon Missioner, Canon Hance serves as a member of the Bishop's Staff Meeting, with responsibility for leading and supporting mission and evangelism in the Diocese. He contributes to diocesan strategy relating to all aspects of mission, including Fresh Expressions of Church and church planting and grafting, and is currently leading the role-out of Mission Action Planning in the Diocese. He is a member of the Strategy for Ministry Implementation Group, the Diocesan Training Group, Ministry and Training Committee, and is the Executive Officer for the Church Growth and Parish Development Group and the Mission Network. As part of his role he preaches and consults with parishes widely across the Diocese. He is a trustee of Just Earth Kenya, a small charity working in the Diocese of Maseno North in western Kenya to support prosperity in the farming community there, soon to expand to other communities. He is presently editing a book on forgiveness for Jessica Kingsley Publishers.

Financial Review

The financial situation

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

In 2013, there was a net increase in funds of £238,154 compared with an increase of £285,369 in 2012 (see the Consolidated Statement of Financial Activities on page 27). This is largely attributable to a legacy from the estate of the late Joan Bernard for which the Chapter is extremely grateful together with much better than expected results from Southwark Cathedral Enterprises resulting in gift-aided profits of nearly £50,000 above expectations. Substantial grants from Southwark Cathedral Development Trust and the Rectory Trustees ensured that the very extensive works to the fabric did not have to be met from the Cathedral's own resources.

There was a surplus on general fund of £160,017 compared to a surplus in 2012 of £59,949. This is very much higher than expected and has allowed us to begin to build up a very necessary cash reserve which has been lacking in recent years and, occasionally, necessitated borrowing from the Diocese of Southwark to meet our everyday expenditure. However, the Chapter's aim is to build up a reserve equal to six months' expenditure which will shield us from unexpected calls on our finances in future years. It is the intention of the Chapter to set aside a significant proportion of that reserve for ongoing maintenance and investment in our property portfolio (see below).

The improving economic climate has also translated into improved trading income although the continued squeeze on personal incomes has led to a decline in stewardship giving from the congregation during the past year. However, Chapter is still enormously grateful for this financial commitment by the congregation which is so important in delivering a regular income to enable us to budget carefully and plan ahead.

Reserves policy

The Chapter has a policy of building up general fund reserves equal to six months' operational expenses. Based on 2013 figures, this would need to be almost £700,000. However, during 2013, progress was made towards this goal and the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this.

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

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

Summary of results

Stewardship and income from trading activities continue to account for the largest part of the Cathedral's incoming resources. Stewardship and planned giving produced £226,694 in 2013 compared with £230,530 in 2012. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £56,091 across all forms of giving in 2013 (£59,075 in 2012). A grant of £68,898 was received from the Church Commissioners in 2013 (£87,250 in 2012) as a contribution to the costs of funding the salaries of Cathedral staff (verggers, organists and office staff) who assist in the provision of the Cathedral's worship. The Church Commissioners also fully pay the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Pastor, contributing £120,730 (£92,569 in 2012). In 2012 the

grant element that would have been paid for the Canon Precentor was transferred to pay for lay salaries during the vacancy prior to the new Precentor's appointment.

Income from charges and fees increased in 2013 to £218,682 compared to £212,088 in 2012. This income is derived from fees for special services, weddings and funerals and from charges recoverable from organisers of services and events for musicians and administration.

Investment performance

In 2012, it was decided to move the majority of the Choirs Endowment Fund from deposit accounts held with CCLA to income generating funds invested through Hargreaves Lansdown, the aim being to generate a more substantial income to offset the cost of the Cathedral's music. Following substantial donations in 2012, the Choirs Endowment Fund performed well in a rising market during 2013 ending the year with a value of £564,923. In addition, £19,233 of income was generated from the fund and applied to the cost of the music (£8,219 in 2012).

All of our investments are invested in accordance with the Trustees Act 2000. The Cathedral's investment policy is to maximise the return (taking capital and income together) while investing within the ethical guidelines adopted by the Church Commissioners. With the recent increase in the value of our investments, the Chapter has set up an Investment Sub-Committee (a sub-committee of the Finance Committee) which will oversee investment performance within the Chapter's agreed ethical investment policy.

Maintenance costs

The following forecast of maintenance costs is based on the Property Committee's rolling programme of works, developed in conjunction with the Cathedral Architect and based on the Report of the Quinquennial Survey undertaken in 2009. 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.

	2014	2015	2016	2017	2018
	£'000	£'000	£'000	£'000	£'000
Routine maintenance	66	68	69	70	72
Crossing platform	0	0	0	240	0
Health & Safety	26	230	26	26	30
Roof repairs	200	0	0	0	0
Masonry and window repairs	100	360	275	621	500
Internal repairs	25	36	128	40	42
Lighting and electrical work	20	25	15	15	15
Precinct repairs	40	20	20	20	20
Total	477	739	533	1032	679

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 29 and detailed in note 5 to the accounts on page 36.

2013 proved to be much more successful than either 2011 or 2012. The slowness in the wider economy has adversely affected all of our business streams over much of the past four years but there are signs now of sustained growth. From the moment that London 2012 ended, business immediately picked up, most notably in the conference and events business.

Turnover for 2013 was £550,169 which is slightly down on 2012 (£557,528) but that included significant income from the House of Switzerland as part of London 2012 accounting for 20% of that year's turnover. Without that, the results for

2013 are all the more impressive. This enabled the company to make a gift-aided donation of their profits of £193,543 (up slightly on the £191,975 in 2012).

Conferences and Special Events

Conference business continued to do very well in 2013 after picking up in the final quarter of 2012. The budget for income was exceeded in every month of the year and Helen Caruth, Conference Co-ordinator, worked tirelessly to secure every piece of available business with significant success. Special events business also continued to be strong with a number of high profile events during the year as well as the traditionally very busy December series of carol concerts. We continue to be very successful in attracting a number of university graduation ceremonies. Overall, conferences and events delivered £98,435 in profit compared to a budget of £55,201; turnover from the conference business alone increased by 24% compared to 2012.

Shop

The shop had a very successful year, too, delivering its first profit (of £4,376) to the Cathedral since 2006. After several, very difficult and loss-making years, the manager, Jon Dollin, in post since March 2012, has transformed the shop into a popular retail outlet with a very good range of Southwark and London-themed merchandise to sit alongside the regular stock of souvenirs and religious books and materials. The Doorkins Cat range has been phenomenally successful and Jon has proved to be very adept at thinking up new lines that tie in with uniquely Southwark features. He is currently making preparations to launch a brand of Southwark Cathedral honey harvested from beehives at All Hallows Church and the Bishop's House in Streatham. Turnover in 2013 was £173,205, up more than 30% on 2012 (£132,954). The company is very appreciative of the efforts which Jon and his team of volunteer and paid staff have made in turning the shop around.

Refectory

Catering in the Refectory is provided by Elixir UK under a contract that runs until 2019. The new general manager, Edson de Oliveira, joined us in January 2013 and, together with great support from his new area manager Pierre Hermenault, he has improved both the quality of food and service and also the profitability of the Refectory. The kiosk in the churchyard is now open on a regular basis and traded particularly successfully in summer 2013. The results for the branch as a whole were so good that they were able to hand over 17% more in rental than we had expected – rent is calculated as a percentage of refectory sales.

Behind the headline figure of £84,706 which Elixir UK delivered to the company in the form of concession rent, it should be borne in mind that the Refectory is a business with a turnover of nearly £600,000 in 2013, providing employment for eight full-time and two part-time staff from a wide variety of ethnic backgrounds plus many additional casual staff brought in for special events.

Tourism

The number of tourists and the amount of income generated by tours increased in 2013 after a drop in 2012. The post-Olympic effect contributed to greater numbers of tourists in London and consequently visitors to the Cathedral. David Payne, Visitors' Officer, works extremely hard to attract tourists and also sells a range of innovative packages to tour companies including catering and guided walks of the local area which are very popular.

Car Parking

Most of the limited car parking available in Montague Close is let on contract to our neighbours, in 2, London Bridge and Glaziers Hall. We are seeking new clients for some of the spaces which are currently not let out.

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, is largely provided by the company. New directors of the company are regularly sought through an open recruitment process in order to ensure effective succession planning and the regular renewal of Board membership which is considered important for the continued success of the company.

Deficit funds

The following accounts were in deficit at 31st December 2013, all of which appear in Note 17 'Restricted Funds' on page 41:

The Millennium Project Account

At 31st December 2013 there was a deficit on the Millennium Project Account of £701,915. Work on the Millennium Project at a total cost of approximately £10.8 million was completed in May 2001, but fund-raising did not match the final invoiced total resulting in a deficit on the Millennium Project Account. Although all outstanding loans on the project have now been cleared, the Millennium buildings have not been capitalised in the accounts as they are deemed to be part of the Cathedral building (as agreed by the Cathedrals Fabric Commission for England under section 13(4) of the Care of the Cathedrals Measure 1990) to which no value is attributed in accordance with the provisions of the Guidelines on English Anglican Cathedral Accounts prescribed by the Church Commissioners.

The Centenary Chairs Appeal Account

At 31st December 2013 there was a deficit on the account of £13,941 due to the fact that, in order to complete the purchase of a full set of chairs for the Cathedral, slightly more was spent than was received in donations. There is no further depreciation to be charged to the account. It is hoped that a transfer from a surplus on the general fund will eliminate the deficit in 2014.

The Property Fund

At 31st December 2013 there was a deficit on the account of £7,436. This was due to the fact that an application to the Listed Places of Worship Grant Scheme for VAT recovery on roof works carried out in 2013 was not made until Spring 2014. If the application is successful, the grant will be sufficient to eliminate the deficit.

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

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



Andrew Nunn

Dean

Report from the Fabric Advisory Committee

During 2013 the FAC met four times under the chairmanship of the Revd Canon Charles Pickstone. There were no changes to the membership, but Patrick Stables retired as Secretary after 17 years in position at the December meeting when a vote of thanks was passed and a presentation made. He was succeeded by Richard Malins.

The Chapter made four formal applications to the FAC in the year. Each was approved unconditionally once it had been publicly displayed for the 28-day notice period required by the Care of Cathedrals Measure, without any representations being made. One was for the ashes of Ernest Warrell, organist and choirmaster at the Cathedral between 1968 and 1975, to be interred in the south choir aisle and a ledger stone installed. The interment took place in January.

Of the other three applications one was for stone conservation work to the south west porch and to some of the oldest fabric nearby, dating back to the 12th-century. The remaining two were for equally urgent, but less visible, re-roofing of the south nave aisle and the north transept, the latter work then extending to the north choir aisle for which permission had been granted in 2012. The FAC was glad to note the priority that the Chapter was giving to such unimposing yet vital works, continuing the planned programme of repairing all the roofs of the Cathedral.

Regarding fabric works completed during the year, the FAC shared the relief of Chapter that water damage suffered by the organ late in 2012 proved less severe than anticipated, and that the restored organ has performed so well.

Of the many ongoing works:

- The FAC has advised the Chapter to address the risks presented by the worsening condition of the temporary wooden platform that has been in place at the crossing since 2005.
- The FAC continues to be concerned about the public realm around the Cathedral and has noted the poor state of the churchyard, in particular the grassed areas. The FAC advised the Chapter to consult the Cathedrals Fabric Commission with a view to seeking a grant from one of its funds for a major professional survey to identify the problems of the area and propose solutions.
- The FAC continues to monitor the progress of proposals by Better Bankside for developing the Borough Market area, and was consulted by the developers of the Shard on their further plans for the area between the station and Cathedral. The Cathedral needs to work with these neighbours and decide how it can best contribute to their plans.
- The FAC has been actively involved in discussions with prospective generous donors about the design of two further memorials within the Cathedral. One of these would replace an existing, but badly-worn, ledger stone, and would be a wall-mounted plaque recording the huge contribution made to the church by Thomas Rider, the master builder whom the architect Sir Reginald Blomfield engaged to build the new nave nearly 120 years ago. The other is for a stained glass window commemorating the marriage in the church between King James I of Scotland and Joan Beaufort in 1424. It would replace the plain glass now in one of the windows in the south choir aisle and although some progress on a design had been made, it has yet to be finalised and on an initial consultation the Cathedrals Fabric Commission for England suggested a reconsideration of some aspects of the proposal.

Richard Malins
Secretary

Southwark Cathedral

Independent Auditors' Report to the Members of Chapter

We have audited the financial statements of Southwark Cathedral for the year ended 31st December 2013 which comprise the consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Members of the Chapter and Auditors

As explained more fully in the Statement of the Chapter's Responsibilities the Chapter members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Cathedral as at 31st December 2013 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Kingston Smith LLP
Statutory Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

26 March 2014

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

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31st December 2013

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£	£
Incoming Resources	2					
(i) Voluntary income		607,096	462,837	5,000	1,074,933	971,396
(ii) Grants receivable		17,117	195,610	-	212,727	189,249
(iii) Charges and fees arising in course of mission		209,553	9,129	-	218,682	212,088
(iv) Income from activities generating funds		550,169	-	-	550,169	563,161
(v) Income from property and investments		115,595	39	19,233	134,867	114,508
(vi) Other income		40,839	21,699	-	62,538	25,825
Total Incoming Resources		1,540,369	689,314	24,233	2,253,916	2,076,227
Costs of generating funds	3	(453,373)	(10,964)	-	(464,337)	(483,920)
Net Incoming Resources available for Mission		1,086,996	678,350	24,233	1,789,579	1,592,307
Expenditure on mission	4					
(i) Ministry		386,299	147,358	-	533,657	517,502
(ii) Cathedral and precincts upkeep		397,712	459,159	-	856,871	564,833
(iii) Education and outreach		55,696	62,470	-	118,166	125,756
(iv) Community, parish and congregation		31,942	2,544	-	34,486	30,393
(vi) Other expenditure		37,014	7,896	-	44,910	47,709
Total resources expended on mission		908,663	679,427	-	1,588,090	1,286,193
Governance costs		18,316	14,436	-	32,752	24,016
Total expenditure on generating funds, mission and governance		1,380,352	704,827	-	2,085,179	1,794,129
Net Incoming/(Outgoing) Resources		160,017	(15,513)	24,233	168,737	282,098
Other gains & unrealised investment gains	6					
Realised gain on property sale		-	-	-	-	-
Unrealised investments gain/loss		-	-	69,417	69,417	3,271
		-	-	69,417	69,417	3,271
Gross transfer between funds		19,272	(39)	(19,233)	-	-
Net movements in funds		179,289	(15,552)	74,417	238,154	285,369
Funds brought forward		368,030	(633,704)	5,081,999	4,816,325	4,530,956
Total Funds Carried Forward		547,319	(649,256)	5,156,416	5,054,479	4,816,325

Southwark Cathedral

Consolidated Balance Sheet as at 31st December 2013

	Note	Unrestricted	Restricted	Endowment	Total Funds 2013 £	Total Funds 2012 £
Fixed Assets						
Investment assets	6	550,000	15,505	468,368	1,033,873	970,118
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	3,573,093	3,573,093	3,573,093
Equipment and plant	8	110,270	-	-	110,270	152,763
		<u>660,270</u>	<u>15,505</u>	<u>4,041,461</u>	<u>4,717,236</u>	<u>4,695,974</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		38,844	-	-	38,844	43,115
Deposits with Central Board of Finance of the Church of England		-	6,930	100,016	106,946	96,245
Other deposits and cash		279,328	74,165	-	353,493	234,767
Debtors	9	239,555	66,005	-	305,560	249,710
		<u>557,727</u>	<u>147,100</u>	<u>100,016</u>	<u>804,843</u>	<u>623,837</u>
Liabilities due within one year						
Loan		-	-	-	-	(1,850)
Creditors	10	(292,942)	(34,658)	-	(327,600)	(317,754)
Net Current Assets		<u>264,785</u>	<u>112,442</u>	<u>100,016</u>	<u>477,243</u>	<u>304,233</u>
Total Assets less Current Liabilities		925,055	127,947	4,141,477	5,194,479	5,000,207
Liabilities due after one year						
Inter-fund loan		(377,736)	(637,203)	1,014,939	-	-
Loans	11	-	(140,000)	-	(140,000)	(183,882)
Net Assets		<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</u>	<u>4,816,325</u>
Representing:						
Funds						
	16-18					
General Fund		253,903	-	-	253,903	74,085
Choir Funds		-	51,393	564,923	616,316	534,694
Girls Choir Fund		-	-	-	-	-
Pastoral & Parochial Account		-	22,643	-	22,643	22,643
Millennium Project		-	(701,915)	-	(701,915)	(701,915)
Buildings Fund		-	-	3,643,093	3,643,093	3,643,093
Capital Account		-	-	481,785	481,785	480,163
Property Fund		282,459	(7,436)	466,615	741,638	760,223
Southwark Cathedral Enterprises		10,957	-	-	10,957	11,486
Centenary Chair Appeal Fund		-	(13,941)	-	(13,941)	(8,147)
		<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</u>	<u>4,816,325</u>

Southwark Cathedral

Cathedral Balance Sheet as at 31st December 2013

	Note	Unrestricted	Restricted	Endowment	Total Funds 2013 £	Total Funds 2012 £
Fixed Assets						
Investment assets	6	550,000	15,505	468,368	1,033,873	970,118
Subsidiary undertaking	5	110,957	-	-	110,957	111,486
Tangible assets:						
Property	7	-	-	3,573,093	3,573,093	3,573,093
Equipment and plant	8	99,567	-	-	99,567	139,919
		<u>760,524</u>	<u>15,505</u>	<u>4,041,461</u>	<u>4,817,490</u>	<u>4,794,616</u>
Current Assets						
Property	7	-	-	-	-	-
Stocks		-	-	-	-	-
Deposits with Central Board of Finance of the Church of England			6,930	100,016	106,946	96,245
Other deposits and cash		207,125	74,165	-	281,290	149,244
Debtors	9	162,607	66,005	-	228,612	172,287
		<u>369,732</u>	<u>147,100</u>	<u>100,016</u>	<u>616,848</u>	<u>417,776</u>
Liabilities due within one year						
Loan		-	-	-	-	(1,850)
Creditors	10	(205,201)	(34,658)	-	(239,859)	(210,335)
Net Current Assets		<u>164,531</u>	<u>112,442</u>	<u>100,016</u>	<u>376,989</u>	<u>205,591</u>
Total Assets less Current Liabilities		<u>925,055</u>	<u>127,947</u>	<u>4,141,477</u>	<u>5,194,479</u>	<u>5,000,207</u>
Liabilities due after one year						
Inter-fund loan		(377,736)	(637,203)	1,014,939	-	-
Loans	11	-	(140,000)	-	(140,000)	(183,882)
Net Assets		<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</u>	<u>4,816,325</u>
Representing:						
Funds						
	16-18					
General Fund		253,903	-	-	253,903	74,085
Choir Funds		-	51,393	564,923	616,316	534,694
Girls Choir Fund		-	-	-	-	-
Pastoral & Parochial Account		-	22,643	-	22,643	22,643
Millennium Project		-	(701,915)	-	(701,915)	(701,915)
Buildings Fund		-	-	3,643,093	3,643,093	3,643,093
Capital Account		-	-	481,785	481,785	480,163
Property Fund		282,459	(7,436)	466,615	741,638	760,223
Southwark Cathedral Enterprises		10,957	-	-	10,957	11,486
Centenary Chair Appeal Fund		-	(13,941)	-	(13,941)	(8,147)
		<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</u>	<u>4,816,325</u>

Approved by the Chapter and authorised for issue on 26 March 2014



Andrew Nunn
Dean

Southwark Cathedral

Notes to the Consolidated Financial Statements

I Accounting Policies

Basis of preparation of the consolidated financial statements

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

Group financial statements

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

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

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

Legacies and Donations

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

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

Grants Receivable

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

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

Taxation

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

Cathedral and its inventory

No value is attributed to the Cathedral (together with the linked 1988 Chapter House and Millennium Buildings) in the financial statements and it is not included in the consolidated balance sheet. The Cathedral and the Millennium buildings, which are inalienable assets, are currently insured for a total sum of £39 million. No value is attributed to items included in the Cathedral inventory under Section 13(1) of the Care of Cathedrals Measure 1990 as they are

considered to be of architectural, archaeological, artistic or historic interest and the cost of obtaining valuations would be onerous compared with the benefit derived by users of the accounts.

Depreciation

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

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

Computers and software	3 years
Other items	4 years

Investment Property

The Church Hall and Cottage on the All Hallows site, which are owned by the Chapter, is regarded as investment property as they are rented out on an arm's length basis to generate income for the Cathedral. The property was recognised in these financial statements on the basis of the valuation undertaken as at the 31st December 2010 which was based on the expected arms-length open-market value of the site as it currently stands.

Non-investment Property

Properties owned by the Cathedral are included in the consolidated balance sheet at cost or valuation. In accordance with the transitional rules under Financial Reporting Standard 15, the Cathedral has retained the values of its properties brought forward from 2001. The most recent valuations were carried out in 1996 and 1999 as disclosed in the notes to the financial statements.

Investments

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

Stocks

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

Funds

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

Endowment Funds

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

Restricted Funds

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

Unrestricted Funds

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

Designated Funds

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

Pension Scheme Arrangements

Defined contribution

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

Defined benefit

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

2 Incoming Resources

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
	£	£	£	£	£
(i) Voluntary income					
Congregational collections and giving	258,351	44,772	-	303,123	308,253
Donations and fundraising appeals	98,987	52,467	-	151,454	314,781
Tax recoverable under Gift Aid	54,223	1,868	-	56,091	59,075
Income from Friends and local trusts	64,136	363,730	-	427,866	286,497
Legacies	131,399	-	5,000	136,399	2,790
	<u>607,096</u>	<u>462,837</u>	<u>5,000</u>	<u>1,074,933</u>	<u>971,396</u>
(ii) Grants receivable					
Church Commissioners	-	189,628	-	189,628	179,819
Other revenue and capital grants	17,117	5,982	-	23,099	9,430
	<u>17,117</u>	<u>195,610</u>	<u>-</u>	<u>212,727</u>	<u>189,249</u>
(iii) Charges and fees arising in the course of mission					
Facility and other fees	209,553	9,129	-	218,682	212,088
(iv) Income from activities generating funds					
Gross income of shop, refectory and other activities	550,169	-	-	550,169	563,161
(v) Income from property and investments					
Property	114,895	-	-	114,895	109,473
Investments	608	39	19,233	19,880	4,948
Interest receivable on short term deposits	92	-	-	92	87
	<u>115,595</u>	<u>39</u>	<u>19,233</u>	<u>134,867</u>	<u>114,508</u>
(vi) Other income					
Insurance and other recoveries	16,947	21,699	-	38,646	1,718
Other items	23,892	-	-	23,892	24,107
	<u>40,839</u>	<u>21,699</u>	<u>-</u>	<u>62,538</u>	<u>25,825</u>
Total	<u>1,540,369</u>	<u>689,314</u>	<u>24,233</u>	<u>2,253,916</u>	<u>2,076,227</u>

3 Costs of Generating Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2013 £	Total Funds 2012 £
Costs of facilities for visitors	68,806	5,555	-	74,361	82,847
Gross costs of shop, refectory and other activities	357,155	-	-	357,155	359,180
Costs of appeals and fund raising	684	1,842	-	2,526	17,986
Let property costs	26,728	3,567	-	30,295	23,907
	<u>453,373</u>	<u>10,964</u>	<u>-</u>	<u>464,337</u>	<u>483,920</u>

4 Expenditure on Mission

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2013 £	Total Funds 2012 £
(i) Ministry					
Clergy stipends and working expenses	39,551	124,434	-	163,985	135,915
Clergy housing costs	68,815	-	-	68,815	56,771
Clergy support costs	59,730	9,762	-	69,492	70,267
Services, music and congregational costs	218,203	13,162	-	231,365	254,549
	<u>386,299</u>	<u>147,358</u>	<u>-</u>	<u>533,657</u>	<u>517,502</u>
(ii) Cathedral and precincts upkeep					
Major repairs and restoration	-	409,093	-	409,093	154,755
Vergers and interior upkeep	211,184	27,517	-	238,701	206,105
Cathedral insurance	38,280	-	-	38,280	36,612
Precincts, security and gardens upkeep	6,854	-	-	6,854	8,785
Support costs	141,394	22,549	-	163,943	158,576
	<u>397,712</u>	<u>459,159</u>	<u>-</u>	<u>856,871</u>	<u>564,833</u>
(iii) Education and outreach					
Educational activities	26,277	926	-	27,203	27,695
Charitable and other giving	29,419	61,544	-	90,963	98,061
	<u>55,696</u>	<u>62,470</u>	<u>-</u>	<u>118,166</u>	<u>125,756</u>
(iv) Community, parish and congregation	<u>31,942</u>	<u>2,544</u>	<u>-</u>	<u>34,486</u>	<u>30,393</u>
(v) Other expenditure					
Interest and similar charges payable	37,014	3,705	-	40,719	17,538
Other items	-	4,191	-	4,191	30,171
	<u>37,014</u>	<u>7,896</u>	<u>-</u>	<u>44,910</u>	<u>47,709</u>
(vi) Governance					
Legal Costs	3,385	-	-	3,385	-
Audit Costs	12,027	-	-	12,027	16,905
Others	2,904	14,436	-	17,340	7,111
	<u>18,316</u>	<u>14,436</u>	<u>-</u>	<u>32,752</u>	<u>24,016</u>
Total	<u>926,979</u>	<u>693,863</u>	<u>-</u>	<u>1,620,842</u>	<u>1,310,209</u>

5 Investment in Subsidiary Undertaking

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

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

	2013 £	2012 £
Turnover	550,169	557,528
Cost of sales	<u>(118,979)</u>	<u>(125,074)</u>
Gross Profit	431,190	432,454
Other Operating Costs	<u>(238,176)</u>	<u>(240,587)</u>
Profit transferred to the Cathedral	<u>(193,543)</u>	<u>(191,975)</u>
Retained profit for the year	(529)	(108)
Accumulated profit brought forward	11,486	11,594
Accumulated profit carried forward	<u>10,957</u>	<u>11,486</u>
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>110,957</u></u>	<u><u>111,486</u></u>

6 Investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Market value at 1st January 2013	550,000	13,883	406,235	970,118
Additions	-	-	5,000	5,000
Net Increase on revaluation	<u>-</u>	<u>1,622</u>	<u>57,133</u>	<u>58,755</u>
Market value at 31st December 2013	<u><u>550,000</u></u>	<u><u>15,505</u></u>	<u><u>468,368</u></u>	<u><u>1,033,873</u></u>
CBF Investment Fund shares	-	15,505	-	15,505
Hargreaves Lansdown	-	-	468,368	468,368
Investment property at All Hallows	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
	<u><u>550,000</u></u>	<u><u>15,505</u></u>	<u><u>468,368</u></u>	<u><u>1,033,873</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2013	-	-	3,573,093	3,573,093
At 31st December 2013	-	-	3,573,093	3,573,093

	Endowment Funds	Total Funds
	£	£

Non-investment properties are held and used as follows:

At 1st January 2013		
for Cathedral office facilities	983,093	983,093
for Cathedral clergy and staff housing	2,590,000	2,590,000
	<u>3,573,093</u>	<u>3,573,093</u>

Non-investment property comprises:

	2013	2012
	£	£
The Deanery, 50/51 Bankside, SE1	850,000	850,000
52 Bankside, SE1	375,000	375,000
Montague Chambers, Montague Close, SE1	983,093	983,093
All Hallows Vicarage, 2 Copperfield Street, SE1	550,000	550,000
St Paul's Vicarage, 54 Kipling Street, SE1	385,000	385,000
73 St George's Road, SE1	180,000	180,000
7 Temple West Mews, SE11	250,000	250,000
	<u>3,573,093</u>	<u>3,573,093</u>

Except for Montague Chambers (stated at cost in December 1996) and All Hallows Vicarage (valued on 31st December 1999 at market value by Biscoe Craig Hall, Chartered Surveyors & Architects), the above properties were valued on 31st October 1996 at market value also by Biscoe Craig Hall.

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

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

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

8 Equipment and Plant

Group	Computer Equipment	Nave Chairs	Other Assets	Total
Cost				
At 1st January 2013	82,657	153,358	358,069	594,084
Additions	-	-	16,783	16,783
Disposals	-	-	-	-
At 31st December 2013	<u>82,657</u>	<u>153,358</u>	<u>374,852</u>	<u>610,867</u>
Depreciation				
At 1st January 2013	82,657	147,564	211,100	441,321
Charge for the year	-	5,794	53,482	59,276
Eliminated on disposal	-	-	-	-
At 31st December 2013	<u>82,657</u>	<u>153,358</u>	<u>264,582</u>	<u>500,597</u>
Net Book Value				
At 31st December 2013	<u>-</u>	<u>-</u>	<u>110,270</u>	<u>110,270</u>
At 31st December 2012	<u>-</u>	<u>5,794</u>	<u>146,969</u>	<u>152,763</u>
Cathedral				
Cost				
At 1st January 2013	73,759	153,358	276,550	503,667
Additions	-	-	16,783	16,783
Disposals	-	-	-	-
At 31st December 2013	<u>73,759</u>	<u>153,358</u>	<u>293,333</u>	<u>520,450</u>
Depreciation				
At 1st January 2013	73,759	147,564	142,425	363,748
Charge for the year	-	5,794	51,341	57,135
Eliminated on disposal	-	-	-	-
At 31st December 2013	<u>73,759</u>	<u>153,358</u>	<u>193,766</u>	<u>420,883</u>
Net Book Value				
At 31st December 2013	<u>-</u>	<u>-</u>	<u>99,567</u>	<u>99,567</u>
At 31st December 2012	<u>-</u>	<u>5,794</u>	<u>134,125</u>	<u>139,919</u>

9 Debtors

	Group		Cathedral	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors and users of facilities	169,647	166,149	52,969	58,014
Amounts owed by group undertaking	-	-	39,730	30,712
Other debtors and prepayments	135,913	83,561	135,913	83,561
	<u>305,560</u>	<u>249,710</u>	<u>228,612</u>	<u>172,287</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2013	2012	2013	2012
	£	£	£	£
Loans	-	1,850	-	1,850
Tax and social security costs	16,369	31,381	16,369	31,381
Other creditors and accruals	311,231	286,373	223,490	178,954
	<u>327,600</u>	<u>319,604</u>	<u>239,859</u>	<u>212,185</u>

11 Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2013	2012	2013	2012
	£	£	£	£
South London Church Fund and Southwark Diocesan Board of Finance	140,000	183,882	140,000	183,882
	<u>140,000</u>	<u>183,882</u>	<u>140,000</u>	<u>183,882</u>
These loans are repayable as shown below:	2013	2012	2013	2012
Within one year	-	1,850	-	1,850
Between one and two years	-	13,882	-	13,882
Between two and five years	-	-	-	-
In five years or more	140,000	170,000	140,000	170,000
	<u>140,000</u>	<u>185,732</u>	<u>140,000</u>	<u>185,732</u>

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

12 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2012 - £Nil).

In 2013, no employee received remuneration in excess of £60,000 (2012 – none).

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

	2013	2013	2012	2012
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	1
Administrative staff	5	1	5	1
Music department	2	8	2	8
Vergers	4	-	4	-
Works department	1	4	1	1
Visitors	1	-	1	-
Subsidiary undertaking	3	2	3	2
	<u>19</u>	<u>16</u>	<u>19</u>	<u>13</u>

	2013	2012
	£	£
Employee costs for the year		
Salaries and stipends	535,162	522,101
Employer's national insurance costs	47,821	48,507
Employer's pension contributions	20,707	18,514
	<u>603,690</u>	<u>589,122</u>

Emoluments of Chapter members		
Dean	32,957	31,449
Sub Dean	27,425	26,887
Canon Residentiary	25,925	8,137
Comptroller	59,519	58,936
	<u>145,826</u>	<u>125,409</u>

Expenses of ex-officio Chapter members		
Number receiving expenses	4	4
Services (telephone, electricity etc)	688	805
Travel	579	803
Hospitality	11,108	7,143
Other	1,430	1,679
	<u>13,805</u>	<u>10,430</u>

13 Pensions

The pension scheme recommended to employees is the Cathedral's Church of England Defined Contributions Scheme set up with The Church of England Pensions Board under which the Cathedral contributes up to a matching 5% of the member's basic salary. The total charge included in these accounts including Clergy is £47,728 (2012 - £39,166).

14 Auditors' Remuneration

Auditors' Remuneration

	2013	2012
	£	£
Audit Remuneration - audit services	15,000	15,000
- non-audit services	-	1,500
- under/(over) accrued	-	405
	<u>15,000</u>	<u>16,905</u>

15 Commitments under Operating Leases

At 31st December 2013 the Chapter was committed to making the following payments under non-cancellable operating leases on office equipment in the year to 31st December 2014:

	2013	2012
	£	£
Expiring within one year	-	5,716
Expiring between one and two years	-	-
Expiring between two and five years	<u>13,728</u>	<u>1,708</u>
	<u>13,728</u>	<u>7,424</u>

16 Unrestricted Funds

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

	General Fund £	Cathedral Enterprises £	Property Fund £	TOTAL £
Incoming Resources				
Voluntary income	607,096	-	-	607,096
Grants receivable	17,117	-	-	17,117
Charges and fees arising in course of mission	209,553	-	-	209,553
Income from activities generating funds	-	550,169	-	550,169
Income from property and investments	115,595	-	-	115,595
Other income	40,839	-	-	40,839
Total incoming resources	990,200	550,169	-	1,540,369
Cost of generating funds				
Cost of appeals, fundraising and income generation	(96,218)	(357,155)	-	(453,373)
Net incoming resources	893,982	193,014	-	1,086,996
Expenditure on mission				
Ministry	386,299	-	-	386,299
Cathedral and precincts upkeep	397,712	-	-	397,712
Education and outreach	55,696	-	-	55,696
Community, parish and congregation	31,942	-	-	31,942
Other expenditure	37,014	-	-	37,014
Total Resources Expended on mission	908,663	-	-	908,663
Governance Costs	18,316	-	-	18,316
<i>Total Expenditure on generating funds, mission and governance</i>	1,023,197	357,155	-	1,380,352
Net Incoming/(Outgoing) Resources before Transfers	(32,997)	193,014	-	160,017
Other recognised gains/(losses)	-	-	-	-
Transfers between funds	212,815	(193,543)	-	19,272
Net Movement in Funds	179,818	(529)	-	179,289
Fund balances at 1st January 2013	74,085	11,486	282,459	368,030
Fund Balances at 31st December 2013	253,903	10,957	282,459	547,319

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.

17 Restricted Income Funds

	Choir Funds £	Other Restricted Income £	Property Fund £	Centenary Chairs Appeal £	Pastoral & Parochial Work Account £	Millennium Project Account £	Total £
Incoming Resources							
Voluntary income	1,665	80,342	380,830	-	-	-	462,837
Grants receivable	-	189,628	5,982	-	-	-	195,610
Charges and fees arising in course of mission	9,129	-	-	-	-	-	9,129
Income from activities generating funds	-	-	-	-	-	-	-
Income from property and investments	39	-	-	-	-	-	39
Other income	-	-	21,699	-	-	-	21,699
Total incoming resources	10,833	269,970	408,511	-	-	-	689,314
Cost of generating funds							
Cost of appeals, fundraising and income generation	(1,842)	(5,555)	(3,567)	-	-	-	(10,964)
Net incoming resources	8,991	264,415	404,944	-	-	-	678,350
Expenditure on mission							
Ministry	125	147,233	-	-	-	-	147,358
Cathedral and precincts upkeep	-	44,272	409,093	5,794	-	-	459,159
Education and outreach	-	62,470	-	-	-	-	62,470
Community, parish and congregation	-	2,544	-	-	-	-	2,544
Other expenditure	-	7,896	-	-	-	-	7,896
Total expenditure on mission	125	264,415	409,093	5,794	-	-	679,427
Governance Costs	-	-	14,436	-	-	-	14,436
<i>Total Expenditure on generating funds, mission and governance</i>	1,967	269,970	427,096	5,794	-	-	704,827
Net Incoming/(Outgoing) Resources before Transfers	8,866	-	(18,585)	(5,794)	-	-	(15,513)
Transfers between funds	(39)	-	-	-	-	-	(39)
Net Movement in Funds	8,827	-	(18,585)	(5,794)	-	-	(15,552)
Fund balances at 1st January 2013	42,566	-	11,149	(8,147)	22,643	(701,915)	(633,704)
Fund Balances at 31st December 2013	51,393	-	(7,436)	(13,941)	22,643	(701,915)	(649,256)

The transfer from the Choir Funds represents the interest and dividends received from investments which are transferred to the general account to contribute to music department expenses.

18 Endowment Funds

	Buildings Fund £	Capital Account £	Property Fund £	Choir Endowment Fund £	Total £
Incoming Resources					
Voluntary income	-	-	-	5,000	5,000
Grants receivable	-	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-	-
Income from activities generating funds	-	-	-	-	-
Income from property and investments	-	-	-	19,233	19,233
Other income	-	-	-	-	-
Total incoming resources	-	-	-	24,233	24,233
Cost of generating funds	-	-	-	-	-
Net incoming resources available for mission	-	-	-	24,233	24,233
Expenditure on mission					
Ministry	-	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-	-
Education and outreach	-	-	-	-	-
Community, parish and congregation	-	-	-	-	-
Other expenditure	-	-	-	-	-
Total resources expended on mission	-	-	-	-	-
Governance costs	-	-	-	-	-
Total expenditure on generating funds, mission and governance	-	-	-	-	-
Net (Outgoing)/Incoming Resources	-	-	-	24,233	24,233
Other recognised gains/(losses)					
Unrealised investment gains/(losses)	-	1,622	-	67,795	69,417
	-	1,622	-	92,028	93,650
				-	
Gross transfer between funds	-	-	-	(19,233)	(19,233)
Net movements in funds	-	1,622	-	72,795	74,417
Funds brought forward	3,643,093	480,163	466,615	492,128	5,081,999
Total Funds Carried Forward	3,643,093	481,785	466,615	564,923	5,156,416

The transfers from the Choirs Endowment and Girls' Choir Capital Funds represent the interest and dividends received from investments which are transferred to general funds to contribute to music department expenses.

19 Notes on Funds

Property Fund

That portion of the Property Fund represented by the proceeds of sale of properties formerly belonging to the Cathedral is part of the endowment and can be used to acquire land and to improve or develop property other than the Cathedral buildings. Endowment monies can only be expended on Cathedral buildings with the consent of the Church Commissioners and subject to agreement between the Commissioners and the Chapter that such monies will be repaid. The endowment element of the Fund is £466,615 (2012 - £466,615). The balance of the restricted element of the fund at the year end is **minus** £7,436 (2012 - £11,149). This is due to an application to the Listed Places of Worship Grant Scheme for VAT recovery on roof works carried out in 2013 not having been made until 2014. The unrestricted element of the fund stands at £282,459 (2012 - £282,459) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

Millennium Project Account

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

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

Buildings Fund

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals.

Capital Account

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

Choir Endowment Fund

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

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 fund raising events are accumulated in these funds and expended as necessary.

Centenary Chairs Appeal

This restricted fund represents the amounts donated by members of the congregation, local businesses and others towards paying for 1,000 new nave chairs. The final chairs were purchased in 2010 bringing the appeal to a close. In line with our depreciation policy on expenditure on furnishings, the chairs purchased have been capitalised and are being depreciated over four years.

General Revenue Account

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

20 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £
Fund balances at 31st December 2013				
are represented by:				
Tangible fixed assets	110,270	-	3,573,093	3,683,363
Investments	550,000	15,505	468,368	1,033,873
Current Assets	557,727	147,100	100,016	804,843
Current Liabilities	(292,942)	(34,658)	-	(327,600)
Long term liabilities	-	(140,000)	-	(140,000)
Inter-fund loan	(377,736)	(637,203)	1,014,939	-
Total net assets	<u>547,319</u>	<u>(649,256)</u>	<u>5,156,416</u>	<u>5,054,479</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.

21 Connected Charities

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

	Trustees of the Rectory of St Saviour £	Friends of Southwark Cathedral £	Development Trust £
Gross income	3,085	25,341	276,797
Net income before amounts paid to Cathedral	3,085	7,273	252,978
Amounts paid to Cathedral	61,152	3,253	294,219
Gross assets	72,445	236,611	275,667
Net assets	72,445	226,924	274,707

The amounts received from these connected charities were somewhat different from those received in 2012 when the Trustees of the Rectory of St Saviour made a grant of £50,000 towards boiler replacement works (see Major Works to the Fabric on page 18) and the Development Trust made grants totalling £183,910 towards various fabric works and the Choirs Endowment Fund (for further information see the Fundraising section on page 11).