

ROCHESTER CATHEDRAL

Growing in Christ since AD604



ANNUAL REPORT
Statutory Accounts – Part 2
2018

Rochester Cathedral Annual Report and Statutory Accounts – Part 2

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Part 2

Part 2 of the Annual Report contains all the information the Cathedral is required to disclose by statute and regulation. Part 1 of the report describes the wide range of activities undertaken by the Cathedral over the year, and measures them against our present and future plans.

1. Legal and administrative information

1.1 Legal name of the Cathedral

The legal name of the Cathedral is the Cathedral Church of Christ and the Blessed Virgin Mary Rochester

Name commonly used: Rochester Cathedral

1.2 Chapter Office

Garth House

The Precinct

Rochester

ME1 1SX

Telephone: 01634 843366

Email: administrator@rochester-cathedral.org

1.3 Chapter

Members of Chapter who served during 2018 were as follows:

<i>Dean</i>	The Very Revd Dr Philip Hesketh
<i>Canon for Mission & Growth</i>	The Revd Canon Rachel Phillips (Commissioners' Canon) - 2017
<i>Canon Precentor</i>	The Revd Canon Matthew Rushton (Commissioners' Canon) – 2017
<i>Archdeacon of Rochester</i>	The Ven Simon Burton-Jones (20% Cathedral) – 2010 – May 2018
<i>Bishop's Appointee</i>	The Revd Canon Chris Dench – Sep 2018
<i>Bishop's Appointee</i>	The Rev Canon Sue Brewer – Sep 2018
<i>Bishop's Appointee</i>	Canon Paul Hudson - 2010
<i>Bishop's Appointee</i>	Canon Andrew Gray – 2013
<i>Bishop's Appointee</i>	Canon Barbara Lloyd – 2013
<i>Chapter Clerk – Executive Director</i>	Mr Simon Lace - 2017

1.4 Other key appointments

Chapter Clerk – Executive Director

Appointed 2017 Mr Simon Lace

Interim Director of Music

Appointed 2018 Mr Adrian Bawtree

Surveyor to the Fabric

Appointed 2015 Mr John Bailey
Thomas Ford & Partners
177 Kirkdale, London SE26 4QH

Archaeologist

Appointed 2006

Mr Graham Keevill
Keevill Heritage Consultancy
85 Kynaston Road,
Didcot, Oxon OX11 8HA

1.5 Finance Committee

External members Mrs Alison Mings (Chair) - 2012
Mr John Sands – 2008
Mr Andrew Webster – 2010

Internal members The Very Revd Dr Philip Hesketh
Canon Paul Hudson
Mr Simon Lace
The Revd Canon Rachel Phillips

Finance Manager Mr Rob Trice

1.6 Fabric Advisory Committee

Appointed by CFCE Dr Nicola Coldstream (Chair)
Mr Allan Brodie
Mr David Baker
Mr James Ford

Appointed by Chapter Mrs Annaliese Arnold
Mrs Heather Newton
Mr Tobit Curteis
Mrs Margaret Davies

Secretary Mrs Sue Malthouse

The Dean, Chapter Clerk- Executive Director, Canon Precentor and the Head Verger attend all FAC meetings. All members of Chapter are invited to attend FAC meetings when they are able. The Cathedral Archaeologist and Surveyor to the Fabric also attend all FAC meetings.

1.7 Auditors

The Cathedral Auditors, appointed in 2007, are haysmacintyre.

haysmacintyre
10 Queen Street Place
London EC4R 1AG

1.8 Banker and other professional advisers

Banker Lloyds TSB Bank plc
142-146 High Street
Chatham, Kent ME4 4DQ

Solicitors Winch & Winch
New Road Avenue
Chatham, Kent ME4 6AR

Investment Manager CCLA - CBF Funds
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Surveyor (general) J.A. Warner Ltd
The Guardhouse
Church Lane
The Historic Dockyard
Chatham
Kent ME4 4TE

Rent Advisors
Commercial
Harrisons
Oasis House
Ambley Green
Gillingham Business Park
Kent ME8 0NJ

Residential
Kent Residential Lettings
151 New Rd
Chatham
Kent ME4 4PT

2. Structure, governance and management

2.1 Governing Statute

The Cathedral is governed by the Cathedrals Measure 1999 and the Rochester Cathedral Constitution and Statutes dated September 2000, updated in December 2009, July 2013 and July 2016.

The Cathedral is an ecclesiastical corporation.

2.2 Relationship with the Diocese

The Cathedral is the formal 'seat' of the Bishop of Rochester, and he is the official Visitor. The Bishop is a valued friend and advisor to the Cathedral, which in turn seeks to support the Bishop's work of leading the Diocese in mission and ministry.

The Diocesan Bishop, the Rt Revd James Langstaff was appointed in 2010. A new Suffragan Bishop of Tonbridge, The Rt Revd Simon Burton-Jones (formerly the Archdeacon of Rochester and a Cathedral Chapter member) was consecrated in July 2018 installed in the Cathedral in September 2018.

The Cathedral is the mother church of the Diocese covering the western half of Kent and the London Boroughs of Bromley and Bexley, and is a centre of worship and mission. It is also a venue for civic events, concerts and graduation ceremonies.

2.3 Corporate body

The members of the Chapter, Council, and College of Canons form the corporate body of the Cathedral.

The Chapter

The Chapter consists of the Dean, four Residentiary Canons (these are the on-site clergy of whom two are full-time, and two have other primary appointments within the Diocese, the Chapter Clerk-Executive Director (a full time employee of the Cathedral) and three non-residentiary lay members (recruited for their skills and expertise in specific areas of the Cathedral's life), who are all members of the College of Canons. Chapter is responsible for leadership, policy, strategy and vision and meets 10 times each year.

Residentiary members of Chapter are responsible for different portfolios within the Cathedral's life. These functions are supported by a range of committees and teams of staff led by the Chapter Clerk – Executive Director with overall responsibility for Cathedral support services and resources. During the year, committees to deal with safeguarding and capital projects have been formally established.

The Cathedral Council

The Council is an advisory and consultative body, established to support the work of the Chapter and to ensure accountability to the wider community and Diocese. It provides a sounding board and guidance for Chapter as well as offering an informal critical friend role to ensure that the Cathedral fulfils its legal responsibilities. It also has a formal executive role if any amendments to

the Cathedral's Constitution and Statutes should be proposed. The Chair of the Council is Lady Anne-Marie Nelson.

The College of Canons

The College consists of senior clergy and lay members from across the Diocese, appointed by the Bishop, along with a number of ecumenical canons (representatives from other denominations). Its role is to ensure that the Cathedral is open to informed opinions, observations and comment from churches within and beyond the Diocese.

2.4 Finance, Risk and Audit Committee

This committee is responsible for advising Chapter in connection with its responsibilities for financial and investment management. The committee also reviews the major risks the Cathedral faces on a regular basis and acts as the audit committee, meeting with the auditors to discuss the audit findings and make recommendations to Chapter regarding the Annual Accounts. It meets monthly in order to maintain a detailed scrutiny of Cathedral income and expenditure against the annual budget and a longer term 5 year strategy.

2.5 Fabric Advisory Committee

This committee is responsible for ensuring that any work to the fabric of the Cathedral is done with proper regard to the integrity of a Grade 1 listed building of national significance and in accordance with statutory processes. It includes experts in the conservation and repair of historic buildings, the Surveyor to the Fabric and the Cathedral Archaeologist.

2.6 The Cathedral Forum

This is a quarterly meeting open to all members of the Cathedral's congregation and community. It has no statutory powers but allows for open discussion of any issue of interest within the life of the Cathedral.

2.7 Chapter appointments and training

The Dean and two Canons (Canon for Mission and Growth and Canon Precentor, called Commissioners' Canons) are appointed by the Crown.

The other two Residentiary Canons were appointed by the Bishop of Rochester in September 2018.

The non-residentiary lay members of Chapter are appointed by the Bishop, usually on the recommendation of the Chapter.

New members of Chapter are provided with key documents such as the Constitution & Statutes and links to the Cathedrals Measure 1999. Informal discussions are used to brief them on their role and to help them understand the different aspects of the Cathedral's work. Where possible external training courses provided by the Association of English Cathedrals are used. Training in corporate governance, HR and H&S responsibilities is given internally.

Chapter members are participating in the training programme offered by the Association of English Cathedrals in 2018 and 2019.

2.8 Chapter responsibilities

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for :

- preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities;
- stating that they have complied in all material respects with the Accounting and Reporting Regulations for English Anglican Cathedrals prepared by the Cathedral Administrators and Finance Association (CAFA) specified by the Church Commissioners, or describing which recommendations have not been complied with and giving reasons for the non compliance;
- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time; and
- safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities. In discharging these obligations, Chapter is strongly supported by the Finance Committee through preparing the necessary documents and providing considered and detailed advice.

2.9 Clergy and senior staff changes

The Venerable Simon Burton-Jones resigned from the Chapter on his appointment as Bishop of Tonbridge. The Revd Canon Chris Dench and the Revd Canon Sue Brewer were appointed as Residentiary Canons and Chapter members in September 2018. There were no other changes during the year.

2.10 Subsidiary Company

Rochester Cathedral Enterprises Ltd

RCE Ltd is an independent wholly owned company set up to maximise the cathedral's commercial potential for generating income, and to run the Cathedral's catering and retail operations. Profits from the company are paid across to the Cathedral as Gift Aid. The Board is comprised of four members of Chapter, (including the Chapter Clerk- Executive Director) and three external members recruited for their specialist knowledge and expertise. The Board is currently chaired by one of the independent external members.

2.11 Related Organisations

Organisations for the sole benefit of the Cathedral

Friends of Rochester Cathedral (Registered Charity 273973)

The Friends is an independent network of people with an interest in the built heritage environment in general and Rochester Cathedral in particular. They had a total membership of 943 at the end of the year. They provide substantial and welcome financial support for the work necessary to the fabric of the Cathedral covering a number of projects.

Rochester Cathedral Trust (Registered Charity 291616)

The Trust is an independent body set up to raise money on the Cathedral's behalf and to make grants in accordance with the terms of the Trust Deed to support the development of the Cathedral. The Trustees are drawn from across West Kent. Their present priority is the Music Endowment with a target of raising £2m by 2025. The amount raised so far and transferred to the Cathedral to the end of 2018 was £1,189k.

Other Organisations

King's School Rochester

King's School plays an important role in the life of the Cathedral, supplying the boy choristers and some of the girl choristers for the Cathedral choirs and regularly holding major events and concerts in the Cathedral. All Cathedral Residentiary Canons are Governors of the School, and the Dean is Vice-Chair of the School Governors. King's School pays a rent for a number of Cathedral buildings they use. The Cathedral contributes towards scholarships for the choristers who attend the school.

2.12 Investment Powers

Under 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 trustees may invest under the general power of investment in the Trustee Act 2000; and
- the improvement or development 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.

2.13 Public Benefit

Although it is not a reporting requirement of the Church Commissioners, nevertheless Chapter confirm that they have complied with section 17 of the Charities Act 2011 to have regard to public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral maintains a policy of free access to all members of the public. It not only serves the community daily in its religious and charitable work, but is an active resource of national importance in the promotion of religion, music, education, history and architecture.

2.14 Risk analysis

Chapter considers that the principal risks faced by the Cathedral are Fire, Safeguarding and Financial, particularly in relation to building projects.

The most urgent risk is that of fire breaking out in the Cathedral, and consequently the air sampling and fire detection system has been replaced alongside the HTFE project. The loss of reputation and potential claim through lack of appropriate safeguarding of vulnerable young people and adults has also been addressed with ongoing monitoring and application of the safeguarding policies. Additionally, all staff involved with young people are automatically subject to DBS checks. During the year we appointed Greg Barry as Cathedral Safeguarding Officer and implemented an Safeguarding Implementation Group to monitor and improve safeguarding across the Cathedral.

The financial risk relating to cost overruns on building projects has been addressed, and is covered in more detail in section 3.2 below.

2.15 Staffing and Volunteers

The Cathedral employs staff to deliver its objectives – vergers, musicians, gardeners, education officers, cleaners, caterers, shop workers, accountants, book-keepers, fundraisers and administrative support workers. In addition, more than 360 volunteers provide invaluable support without which the Cathedral could not function properly – stewards, welcomers, guides, chaplains, educationalists, Sunday Club leaders and helpers, embroiderers, sewers, retail and catering volunteers, musicians, flower arrangers, pastoral visitors, events organisers, brass polishers, choir helpers, servers, readers, intercessors, bell-ringers, cash-counters, committee volunteers, envelope stuffers and many more besides.

3. Financial review

3.1 Major sources of finance

Investment income

The Cathedral owns 43 (2017 43) properties, both commercial and residential, in Rochester, mostly in the Cathedral precinct and the High Street . Property is the principal source of investment income and in 2018 rents accounted for £535k (2017 £484k) (43% of unrestricted income in 2018; 44% in 2017). Other investment income from shares, stocks and interest amounted to £108k (2017 £99k). A review of investment performance is given in a separate section below.

Income from supporter groups & trusts

The Friends of Rochester Cathedral contributed a total of £37k (2017: £133k). This award was made up as follows: the Gardens and Grounds £8k, Crypt Ventilation £23k and QI Fees £6k.

Donations and grants received through the Rochester Cathedral Trust totalled £21k and were made up as follows: Music running costs £21k.

The amount raised by the Rochester Cathedral Trust in 2018 for the music endowment was £72k (2017: £137k). This amount was transferred to the Cathedral in 2018 and is included in these accounts.

Grants receivable

Total grants for the year included amounts received from the Church Commissioners under various sections of the Cathedrals Measure 1999 to contribute towards administrative salaries, clergy salaries, removals costs for clergy and chancel repairs. In 2018, the contribution towards administrative salaries was £119k (2017 £115k) and this is included in the total figure of £254k (2017 £276k). The balance includes their contribution towards the stipend of the Dean and Commissioners' Canons which was £130k (2017 £119k), and £5k towards chancel insurance (2017 £5k).

Additionally, £22k was received from the Allchurches Trust (2017 £22k), £34k was received from Rochester Cathedral Trust towards admin costs, £2k from Medway Council, £28k from the LPW Grant Scheme (2017 £35k), £100k from the WW1 Cathedral Repair Fund, £79k from Rochester Cathedral Trust for various capital projects and £10k towards the costs of running the Childrens Community Choir.

Voluntary income

The total received for congregational giving, donations and gift aid amounted to £224k (2017 £216k) during the period, which included £4k (2017 £4k) raised for Chennai in India, £3k (2017 £6k) raised for the "Team Charlie" project in India, and £6k raised specifically for Cathedral Youth and Ministry.

Trading

The Cathedral's trading company, Rochester Cathedral Enterprises Ltd (RCE Ltd), opened a Cafe in the Crypt from February 2018 staffed largely by volunteers. RCE Ltd also operates a small retail operation which was moved to the Crypt in September 2018.

RCE Ltd turnover for the period was £92k (2017 £113k). The company made a trading gain in the year of £32k and made a gift-aided payment to the Cathedral of £20k (2017 - £Nil).

Charges and fees arising in the course of mission

Total income from lettings of the Cathedral, charges for educational visits, guided tours, concerts and recitals, filming and recording fees, etc amounted to £72k (2017 £92k).

3.2 Reserves Policy

Reserves are needed both to maintain the level of the Cathedral's current activities and to enable the completion of long-term projects. Chapter considers that the Cathedral should aim to hold unrestricted reserve levels to cover at least six months of ordinary activity, which at the present time would be approximately £550k. The Cathedral's 5 year plan sets out a gradual increase in reserves to achieve this target. The appointment of additional staffing resource in early 2018 is a key step in developing new income streams to fulfil the aim of enabling the Cathedral to become a more sustainable and resilient organisation. In 2018 the consolidated general fund reserves stood at £191k in surplus (2017 £227 in surplus) representing just 2 months of ordinary activity and some £359k short of the target set.

There was a deficit in 2018 on the unrestricted fund of £36k (2017 £580k surplus). The main factors affecting the 2018 result were additional unexpected costs around the failure of the Cathedral's IT systems, increased safeguarding costs, additional costs of covering the absence of the Director of Music and fees in relation to property matters, countered by continued strong budgetary control of expenditure, and the drawdown of unused Church Commissioners grant. Some small capital projects were also deferred into 2019.

3.3 Investment Policy

Chapter aims to keep a balanced portfolio of investments that is risk averse and appropriate to the purposes of the funds that are represented by them.

Investments in property are to be either capable of efficient local management or in the form of managed property funds. Performance is measured against income yield on the CBF Property Fund, the property fund managed by CCLA Investment Management Ltd on behalf of the Central Board of Finance of the Church of England.

Investments held through the Church of England Central Board of Finance are subject to the ethical guidelines issued by the Church of England Ethical Investments Advisory Group (EIAG).

Restricted Funds

These funds usually arise from legacies and donations, and are required for spending on defined purposes. The policy is to achieve a balance between capital growth and the ability to realise assets within a given timescale.

Unrestricted Funds

These funds are used for managing fluctuations in the ordinary operations and to fund future projects. The policy is to achieve a mixed portfolio of assets with capital growth and those providing high yields and easy liquidity.

Endowment Funds

Where the capital is to be retained, the policy is to achieve long-term income growth, with less emphasis on liquidity.

3.4 Investment Performance

Property Investments

Rochester Cathedral owns property to house clergy and staff, and to use for offices. Other property is held for investment purposes and is rented out on a commercial basis where possible to generate funds for the day-to-day operation of the ministry of the Cathedral. Properties were fully revalued at market value during 2006/7 and were revised for values at 31st December 2018 with reference to a yield basis for commercially let property and an external index for residential property (Land Registry house price index).

	£'000
Rental income	535
Professional services	(20)
Other costs	(85)
Property repairs	(44)
Net income	386
<hr/>	
<i>Yield on investment properties</i>	£'000
Capital value investment property	£10,745
Gross income yield	3.6%
CBF Property Fund income yield (Gross)	5.31%

Gross income has increased to £535k (2017 £484k), and net income yield of 3.6% for the year compares with 3.0% for 2017. The annual net income yield will vary year by year depending on the amount of capital works carried out in the year. Our higher yield for 2018 reflects the fact that several empty properties undergoing refurbishment are now let. In 2018 further capital work was undertaken to refurbish a substantial residential flat above a High Street shop. It is worth noting that the benchmark CBF yield is based on a portfolio of larger commercial property with no residential property.

Other investments

The performance of the Cathedral's other investments is shown below:

<i>Gross income from other investments</i>	<i>Equities</i>	<i>Fixed interest</i>	<i>Variable interest</i>	Total
	£'000	£'000	£'000	£'000
Listed in the UK	148	15	-	163
Cash deposits	-	-	2	2
	148	15	2	165
Gains/(losses) on revaluations/disposals	(79)	8	-	(71)
<i>Total return on other investments</i>	69	23	2	94

<i>Return on other investments</i>	£'000
Market value of other investments	4,777
Return	1.9%
FTSE All Share	(9.47)%

At 31st December 2018 our total investments, excluding direct property holdings, totalled £4.78m (up from £4.42m in 2017), of which 15.3% were held in listed equity funds, 46.7% were held in overseas equities, 2.9% in fixed interest stocks, 29.1% in property funds and 6.0% in cash.

3.5 Maintenance Plan for the Cathedral and its Precincts

A plan for regular routine maintenance of the Cathedral is in place and is managed by the Head Verger.

The most recent Quinquennial Inspection was carried out by the Surveyor to the Fabric during 2018 and the consequential programme of works ranges from minor routine maintenance to the major project of replacing a pinnacle on the south side of the Cathedral.

3.6 Achievements and performance

During 2018 Chapter took steps to further implement the Development Plan for the period 2018-2022. The Development Plan was produced following detailed consultations with the Cathedral Council, College of Canons, Rochester Cathedral Trust, Friends of Rochester Cathedral, Cathedral staff, volunteers and congregation.

The Development Plan sets out the Cathedral's aspirations and activities over the next five years arranged over three core themes - Grow, Enrich, Resource. The five specific key aims are:

1. Grow our communities through prayer, worship and action.
2. Develop opportunities for personal and spiritual growth.
3. Strengthen our engagement with our partners and stakeholders through listening and collaboration.
4. Maintain and improve historic buildings, spaces, monuments and collections.
5. Become a more sustainable and resilient organisation.

3.7 Commentary on the 2018 results.

The results for the year ended 31 December 2018 reflect a year in which the Cathedral faced substantial challenges. A complete failure of the computer server in March resulted in major difficulties for all of our staff and departments as so much of our work is now computer based. An ongoing staffing issue resulted in significant additional costs for staff cover and additional fees were incurred in respect of property matters.

The cost of these issues amounted to a much higher figure than the result suggests and reflect that the Cathedral staff team have carefully managed the day to day activities and budgets in the year resulting in a much lower operating deficit.

Planning for the Future

Our combined investment policy bringing together the property aspirations with the investments objectives continues to deliver good investment returns whilst maintaining the underlying value of the assets. No property was sold in the year. Future years will continue to benefit from this policy; the reinvestment of our other monetary assets has already produced good results – investment income was £163k in 2018 and was £149k in the previous year.

We have continued to seek every opportunity to maximise the take-up of Gift Aid amongst the congregation and visitors. During 2018 we conducted a series of stewardship related presentations and sermons to the congregation which contributed to an increase in donations. Congregational collections and giving, including Gift Aid, was £224k in 2018, an increase of £6k over 2017 (£216k).

The final result on the unrestricted fund was a surplus of £35,859, which leads to an overall general fund surplus carried forward of £190,834. This compares to our planned reserves of £227k at the end of 2018. The attention of the management team continues to be focussed on managing day to day cash flow and ensuring a stable and sustainable financial position for the future.

Revaluation of Property

Properties were revalued on a mixture of published indices and calculated on a deemed yield basis. The commercial properties and property on longer leases was valued by reference to a yield basis but updated in agreement with the auditors, taking into account the valuations carried out on behalf of the bank for mortgage purposes. This update resulted in adopting a slightly higher yield basis for the commercial estate. Residential properties continued to be valued by reference to a published index.

Net gains on revaluation of property amounted to £165k (2017: £221k). Commercial investment properties increased in the year, by an average of 4.8%, and residential properties grew 0.3%.

Trading

The Cathedral's trading subsidiary, Rochester Cathedral Enterprises Ltd, experienced a transitional trading period as the Café in the Crypt opened in February and the Shop was moved to its new home also in the Crypt in September. Turnover decreased by £21k (19%) compared to 2017 but the company made a surplus of £32k and a gift Aid payment to the cathedral of £20k.

Focus in the year shifted away from the Shop which continues to operate with very low levels of return, but is recognised for its contribution to the welcome and support to visitors. The Café in the Crypt had a successful year ending the year with a £12k surplus. Events and other commercial activity are now the most significant part of the trading activity and this area contributed a surplus of £20k in the year.

RCE Ltd gift-aided £20k to the Cathedral in 2018 (2017 £Nil).

RCE Ltd looks forward to a full year trading in 2019.

Expenditure

Operating expenditure was, again, controlled well during the year with most departments spending within their budget limits. We were unable to carry out some planned repair projects to the estate due to urgent necessary refurbishment work to a High Street shop and residential properties.

Unexpected costs in relation to the IT failure, staffing costs and property fees all of which were unplanned and looked for resulted in the shortfall for the year.

Funds for restricted purposes decreased £114k from £602k to £488k. The accrual for the HTFE retention was charged to the Father Smith Fund in the year, which now stands at £208k. Designated funds increased by £119k from £414k to £533k. This is mainly due to the designation of the legacy in the year towards specific capital projects. The Chancels Sinking Fund balance was £45k at the end of the year. Following the decision by the Church Commissioners to take over this responsibility with effect from 1st January 2019, this balance was re-designated towards external repairs to Garth House.

CONCLUSION

Despite a most challenging year the Cathedral has weathered the difficulties well. Even in the face of the failure of the computer system the staff team continued to keep the Cathedral open and our services and activities continued without interruption.

Other challenges still abound as we seek to bring closure to the outstanding snagging issues arising from the Hidden Treasures Fresh Expressions Project (which ended in 2017), whilst still looking forward to the next project. In this regard we have completed a feasibility study into developing the Garth and creating new spaces for music and education.

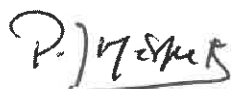
We remain vigilant in our safeguarding responsibilities and continue to push forward with training and implementation of best practice procedures to ensure that the Cathedral is a safe place for all people.

In October the Textus Roffensis made an appearance in a major exhibition at the British Library side by side with some of the most important documents in British history, including the Domesday Book and Anglo-Saxon Chronicles.

A further payment from a legacy in the year of £150k enabled the Chapter to consider the refurbishment and updating of the administration offices. As well as urgent work to the exterior stonework of Garth House and plan for upgrading works at another Cathedral use property.

A successful fundraising campaign commenced in 2018 and concluded in March 2019 will enable the restoration of the southern presbytery pinnacle, the most significant fabric issue highlighted in the Cathedral Surveyor's quinquennial inspection conducted in 2018.

We look forward to 2019 with some optimism, stonger and more robust with IT systems and administrative spaces fit to deal with future challenges. We are particularly looking forward to a round of crazy golf in Cathedral nave during August, celebrating the achievements of a former Dean, Dean Reynolds Hole, who founded the Rose Society.



Very Revd Dr Philip Hesketh
Dean

29 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF ROCHESTER CATHEDRAL FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of Rochester Cathedral for the year-ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Cathedral-only Balance Sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Cathedral's affairs as at 31 December 2018 and of the group's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the regulations specified by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

Basis for opinion

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

Responsibilities of the members of the Chapter for the financial statements

As explained more fully in the responsibilities statement set out on page 8, the members of the Chapter are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which we report to you if, in our opinion:

- sufficient accounting records have not been kept by the Cathedral; or
- the Cathedral's 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.

Use of our report

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

Haysmacintyre LLP
Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

9 May 2019

4. Statutory Accounts

ROCHESTER CATHEDRAL

CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2018

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Rochester Cathedral

Consolidated Statement of Financial Activities
for the year ended 31 December 2018

	Notes	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2018 £000	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2017 £000
Income and endowments from:	1										
Donations and legacies		331	3	98	72	504	683	9	178	137	1,007
Grants		106	2	496	-	604	57	-	1,008	-	1,065
Charges and fees arising in the course of mission		72	-	-	-	72	92	-	-	-	92
Trading and Fundraising		96	-	-	-	96	155	-	-	-	155
Investments		644	14	42	-	700	583	14	37	-	634
Other		2	1	-	-	3	3	-	-	-	3
Total		1,251	20	636	72	1,979	1,573	23	1,223	137	2,956
Expenditure on:											
Raising funds	2	270	49	11	152	482	376	58	12	30	476
Ministry & music		353	27	257	-	637	304	12	299	-	615
Cathedral and precincts upkeep		299	-	343	-	642	223	-	588	-	811
Education and outreach		148	1	20	-	169	100	-	29	-	129
Community, parish and congregation		7	2	3	-	12	18	2	4	-	24
Cathedral Buildings additions		-	-	-	-	-	-	-	-	-	-
Statutory inventory additions		-	-	-	-	-	-	-	-	-	-
Other		5	7	114	-	126	7	-	225	-	232
Total		1,082	86	748	152	2,068	1,028	72	1,157	30	2,287
Net income/(expenditure) before investment gains		169	(66)	(112)	(80)	(89)	545	(49)	66	107	669
Realised gains/(losses) on investments		-	-	-	-	-	-	-	-	-	-
Gains/(losses) on revaluation of Investments	7	(21)	1	(2)	(49)	(71)	41	20	10	268	339
Net income/(expenditure)		148	(65)	(114)	(129)	(160)	586	(29)	76	375	1,008
Transfers between funds		(184)	184	-	-	-	(6)	310	(304)	-	-
Other recognised gains (losses)											
Gains/(losses) on revaluation of Property (Cathedral own use)	6/8	-	-	-	492	492	-	-	-	221	221
Net movement in funds		(36)	119	(114)	363	332	580	281	(228)	596	1,229
Total funds brought forward		227	414	602	19,998	21,241	(353)	133	830	19,402	20,012
Total funds carried forward	13/14/15	191	533	488	20,361	21,573	227	414	602	19,998	21,241

The notes numbered 1 to 25 together with the accounting policies on page 23 form part of these accounts.

Rochester Cathedral

Consolidated Balance Sheet
as at 31 December 2018

	Notes	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2018 £000	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2017 £000
Fixed Assets											
Investment assets											
Property	6	-	-	-	10,745	10,745	-	-	-	10,580	10,580
Other investments	7	775	344	146	3,512	4,777	496	351	135	3,439	4,421
		775	344	146	14,257	15,522	496	351	135	14,019	15,001
Non investment assets											
Property	8	-	-	-	5,823	5,823	-	-	-	5,496	5,496
Plant & equipment	9	23	-	-	23	23	23	-	-	-	23
		23	-	-	5,823	5,846	23	-	-	5,496	5,519
Total fixed assets		798	344	146	20,080	21,368	519	351	135	19,515	20,520
Current Assets											
Stocks	10	24	-	-	-	24	26	-	-	-	26
Debtors	11	183	-	31	4	218	672	1	118	53	844
Short term deposits		615	-	-	-	615	350	-	-	-	350
Cash at bank and in hand		(809)	205	420	330	146	(716)	62	349	430	125
		13	205	451	334	1,003	332	63	467	483	1,345
Liabilities due within one year											
Creditors	12	(258)	(16)	(109)	(53)	(436)	(244)	-	-	-	(244)
		(258)	(16)	(109)	(53)	(436)	(244)	-	-	-	(244)
Net current assets		(245)	189	342	281	567	88	63	467	483	1,101
Liabilities due after one year											
		(362)	-	-	-	(362)	(380)	-	-	-	(380)
Net assets		191	533	488	20,361	21,573	227	414	602	19,998	21,241
Funds											
General Fund		173	-	-	-	173	222	-	-	-	222
Rochester Cathedral Enterprises		18	-	-	-	18	5	-	-	-	5
Father Smith Bequest		-	-	209	-	209	-	-	317	-	317
Mary J Smith (Barrett's Folly) Bequest		-	277	-	-	277	-	-	-	-	-
Other Funds		-	256	279	-	535	-	414	285	-	699
Endowment		-	-	-	20,361	20,361	-	-	-	19,998	19,998
Revaluation reserve		-	-	-	-	-	-	-	-	-	-
Total funds	13/14/15	191	533	488	20,361	21,573	227	414	602	19,998	21,241

The notes numbered 1 to 25 together with the accounting policies on page 23 form part of these accounts.

Approved by Chapter on 9 April 2018 and signed on its behalf by

Paul Hudson
Mr Paul Hudson
Chapter Member

Philip Hesketh
Very Revd Dr Philip Hesketh
Dean

Rochester Cathedral

Balance Sheet - Cathedral only
as at 31 December 2018

	Notes	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2018 £000	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2017 £000
Fixed Assets											
Investment assets											
Property	6	-	-	-	10,745	10,745	-	-	-	10,580	10,580
Investments	7	775	344	146	3,512	4,777	496	351	135	3,439	4,421
		775	344	146	14,257	15,522	496	351	135	14,019	15,001
Non Investment assets											
Property	8	-	-	-	5,823	5,823	-	-	-	5,496	5,496
Plant & equipment	9	23	-	-	23	23	23	-	-	-	23
		23	-	-	5,823	5,846	23	-	-	5,496	5,519
Total fixed assets		798	344	146	20,080	21,368	519	351	135	19,515	20,520
Current Assets											
Debtors	11	183	-	31	4	218	699	1	118	53	871
Short term deposits		615	-	-	-	615	350	-	-	-	350
Cash at bank and in hand		(621)	205	420	330	134	(725)	62	349	430	116
		(23)	205	451	334	967	324	63	467	483	1,337
Liabilities due within one year											
Creditors	12	(240)	(16)	(109)	(53)	(418)	(241)	-	-	-	(241)
		(240)	(16)	(109)	(53)	(418)	(241)	-	-	-	(241)
Net current assets		(263)	189	342	281	549	83	63	467	483	1,096
Liabilities due after one year											
Creditors	13	(362)	-	-	-	(362)	(380)	-	-	-	(380)
Net assets		173	533	488	20,361	21,555	222	414	602	19,998	21,236
Funds											
General Fund		173	-	-	-	173	222	-	-	-	222
Father Smith Bequest		-	-	209	-	209	-	-	317	-	317
Mary J Smith Bequest		-	277	-	-	277	-	277	-	-	277
Other Funds		-	256	279	-	535	-	137	285	-	422
Endowment		-	-	-	20,361	20,361	-	-	-	19,998	19,998
Revaluation reserve		-	-	-	-	-	-	-	-	-	-
Total funds		173	533	488	20,361	21,555	222	414	602	19,998	21,236

The notes numbered 1 to 25 together with the accounting policies on page 23 form part of these accounts.

Approved by Chapter on 29 April 2019 and signed on its behalf by

Dr Philip Hesketh

Very Revd Dr Philip Hesketh
Dean

Paul Hudson
Mr Paul Hudson
Chapter Member

Rochester Cathedral

Cash Flow Statement
as at 31 December 2018

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2018 £000	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2017 £000
Cash flows from operating activities:										
Net Cash provided by/(used in) operating activities	(166)	122	41	(50)	(53)	(251)	5	(137)	(83)	(466)
Cash flows from investing activities:										
Rents received net of costs	535	-	-	-	535	484	-	-	-	484
Investment income received net of costs	109	14	42	-	165	99	-	37	-	136
Proceeds from sale of property, plant & equipment	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant & equipment	(6)	-	-	-	(6)	(10)	-	-	-	(10)
Proceeds of sale of investments	-	16	1	-	17	-	64	21	-	85
Purchase of investments	(300)	(9)	(13)	(122)	(444)	-	(76)	(22)	(194)	(292)
Net cash provided by/(used in) investing activities	338	21	30	(122)	267	573	(12)	36	(194)	403
Cash flows from financing activities:										
Repayments of borrowing	-	-	-	-	-	-	-	-	-	-
Cash inflows	-	-	-	-	-	-	-	-	-	-
Receipt of endowment	-	-	-	72	72	-	-	-	137	137
Net cash provided by/(used in) financing activities	-	-	-	72	72	-	-	-	137	137
Change in cash and cash equivalents in the year	172	143	71	(100)	286	322	(7)	(101)	(140)	74
Cash and cash equivalents as at 1 January 2018	(366)	62	349	430	475	(688)	69	450	570	401
Cash and cash equivalents as at 31 December 2018	(194)	205	420	330	761	(366)	62	349	430	475

Rochester Cathedral

Cash Flow Statement
as at 31 December 2018

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2018 £000	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total Funds 2017 £000
Reconciliation of net movement in funds to net cash flow from operating activities										
Net movement in funds for the year	(36)	119	(114)	363	332	580	281	(228)	596	1,229
Adjustments:										
Depreciation	6	-	-	-	6	7	-	-	-	7
Income added to endowments	-	-	-	(72)	(72)	-	-	-	(137)	(137)
Income from property	(535)	-	-	-	(535)	(484)	-	-	-	(484)
Income from investments	(109)	(14)	(42)	-	(165)	(99)	-	(37)	-	(136)
Investment management costs	-	-	-	-	-	-	-	-	-	-
Loss/(profit) on sale of fixed assets	-	-	-	-	-	11	-	-	-	11
Loss/(profit) on sale of investments	-	(1)	-	-	(1)	-	-	-	-	-
Unrealised on revaluation of investments	21	-	2	49	72	(41)	(20)	(10)	(268)	(339)
Revaluation of Investment Property	-	-	-	(492)	(492)	-	-	-	(221)	(221)
(Increase)/decrease in stocks	2	-	-	-	2	1	-	-	-	1
(Increase)/decrease in debtors	489	2	86	49	626	(490)	(1)	(117)	(53)	(661)
Increase/(decrease) in creditors	(4)	16	109	53	174	264	-	-	-	264
Transfer between funds	-	-	-	-	-	-	(255)	255	-	-
Net cash provided by/(used in) operating activities	(166)	122	41	(50)	(53)	(251)	5	(137)	(83)	(466)
Analysis of cash and cash equivalents										
Cash at bank	(809)	205	420	330	146	(716)	62	349	430	125
Cash on deposit	615	-	-	-	615	350	-	-	-	350
Total cash and cash equivalents	(194)	205	420	330	761	(366)	62	349	430	475

Rochester Cathedral

Accounting Policies - For the year ended 31 December 2018

Basis of preparation

The accounts have been prepared in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals, dated December 2018, and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The cathedral meets the definition of a public benefit entity under FRS102.

The accounts are presented in sterling, which is the functional currency of the cathedral, and rounded to the nearest thousand pound.

Consolidation

The accounts consolidate the results of the cathedral and its wholly owned subsidiary Rochester Cathedral Enterprises Ltd.

In addition the, the cathedral is connected with various entities that do not meet the criteria for consolidation. Further details are provided in note 24.

Going concern

The Chapter has considered whether the use of the going concern basis of accounting is appropriate. To do this, they have considered whether there are any material uncertainties as to the cathedral's ability to continue as a going concern. They have carried out this assessment for a period of at least one year from the date of approval of these accounts. They have concluded that there are no material uncertainties about the cathedral's ability to continue as a going concern.

Income

Legacies are accounted for when received.

Grants are defined as sums receivable from trusts and public bodies, payment of which is determined by compliance with determined criteria. Grants are accounted for when due.

Investment income is recognised in the accounts in the period in which it is earned.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following headings:

- Costs of raising funds comprise the costs of commercial trading and their associated support costs; and
- Expenditure on charitable activities includes the costs of activities undertaken to further the purposes of the the cathedral and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are those functions that assist the work of the cathedral but do not directly undertake either charitable or fundraising activities. Please see note 5 for details of these costs and the basis of allocation.

Tangible Fixed assets

Individual fixed assets costing £1000 or more are capitalised at cost and depreciated over their useful economic lives on a straight line basis as follows:

Computer & IT equipment	3 years
Other plant, machinery, furniture or fittings	5 years
Temporary buildings	15 years

Heritage assets

Heritage assets include the cathedral and ancillary buildings and the items in the inventory prepared under section 24(1) of the Care of Cathedrals Measure 2011. No value has been attributed to these assets acquired before 31 December 2018, because information on their historical cost is not available.

Items donated to the inventory since 1 January 2019 are valued in the year of acquisition and shown as a heritage asset unless there is insufficient information available to reliably estimate the value of the asset.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the market value based on their mid market value.

The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The cathedral does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the cathedral is that of volatility in equity markets and investment markets due to wider economic conditions, the attitudes of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or subsectors.

Rochester Cathedral

Accounting Policies - For the year ended 31 December 2018

Stock

Retail and catering stocks are stated at the lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of the acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Type of funds

A fund is an amount set aside for specific purposes in accordance with the circumstances under which the resources were originally received. Funds are divided into:

- Endowment funds . These are restricted funds where the capital must be held permanently.
- Restricted funds. These have specific conditions attached to the expenditure of capital and income.
- Designated funds. These are unrestricted funds set aside by Chapter for specific purposes.
- Unrestricted funds . Chapter have the discretion to spend both capital and income.

Property

Property valuations have been included on the Balance Sheet on the following basis:

- Investment properties – market value
- Non – investment properties – existing use value

The Cathedral's policy is to carry out an internal revaluation by reference to established indices and to instigate formal revaluations to the properties every five years or when considered necessary.

Third Party receipts and payments

The Church Commissioners pay the stipends of the Dean and the two Commissioner's Canons. The stipends of the Archdeacon of Rochester is paid by the Diocese, and 20% of this cost is attributable to the Cathedral. The amounts are shown in a Restricted Fund in the Statement of Financial Activities, both under grants received and under clergy costs.

Pensions

The Cathedral participates in the Pension Builder Scheme of the Church Workers Pension Fund for lay staff.

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

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

1. Incoming resources	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(i) Voluntary income					
Congregational collections and giving	88	-	-	-	88
Donations	74	3	38	-	115
Tax recovered under Gift Aid	19	-	2	-	21
Income from supporter groups & trusts					
Friends of Rochester Cathedral	-	-	37	-	37
Rochester Cathedral Trust (see note below)	-	-	21	72	93
Legacies	150	-	-	-	150
	<u>331</u>	<u>3</u>	<u>98</u>	<u>72</u>	<u>504</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Congregational collections and giving	93	-	9	-	102
Donations	64	9	19	-	92
Tax recovered under Gift Aid	18	-	4	-	22
Income from supporter groups & trusts					
Friends of Rochester Cathedral	8	-	125	-	133
Rochester Cathedral Trust (see note below)	-	-	21	137	158
Legacies	500	-	-	-	500
	<u>683</u>	<u>9</u>	<u>178</u>	<u>137</u>	<u>1,007</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(ii) Grants receivable					
Church Commissioners	50	-	254	-	304
Diocese	-	-	-	-	-
Heritage Lottery Fund	-	-	-	-	-
Other grants	56	2	242	-	300
	<u>106</u>	<u>2</u>	<u>496</u>	<u>-</u>	<u>604</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Church Commissioners	-	-	276	-	276
Diocese	-	-	40	-	40
Heritage Lottery Fund	-	-	266	-	266
Other grants	57	-	426	-	483
	<u>57</u>	<u>-</u>	<u>1,008</u>	<u>-</u>	<u>1,065</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(iii) Charges and fees arising in the course of mission					
Fees	72	-	-	-	72
	<u>72</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Fees	92	-	-	-	92
	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92</u>

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(iv) Income from activities generating funds					
Charges to visitors	4	-	-	-	4
Retail	35	-	-	-	35
Catering	32	-	-	-	32
Events	25	-	-	-	25
	96	-	-	-	96
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Charges to visitors	20	-	-	-	20
Retail	45	-	-	-	45
Catering	90	-	-	-	90
	155	-	-	-	155
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(v) Income from investments					
Investment property income	535	-	-	-	535
Other investment income	108	13	42	-	163
Interest from short-term deposits	1	1	-	-	2
	644	14	42	-	700
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Investment property income	484	-	-	-	484
Other investment income	99	13	37	-	149
Interest from short-term deposits	-	1	-	-	1
	583	14	37	-	634
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(vi) Other incoming resources					
Other Charges	2	1	-	-	3
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Other Charges	3	-	-	-	3
	1,251	20	636	72	1,979

Income from Rochester Cathedral Trust included a transfer of £72k to the Music Endowment, which is shown as a separate endowment to the Cathedral's existing endowments. (see note 16).

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

2. Costs of generating funds	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2018
	£000	£000	£000	£000	£000
Facilities for visitors	21	-	-	-	21
Services directly recoverable	31	-	-	-	31
Retail	35	-	-	-	35
Catering	19	-	-	-	19
Events	6	-	-	-	6
Marketing costs	11	-	-	-	11
Costs of appeals and fundraising	39	-	-	-	39
Investment property costs					
Estate projects (Note 4)	-	49	-	152	201
Other investment property costs	96	-	-	-	96
Support costs	12	-	11	-	23
	270	49	11	152	482

The cost of generating funds is any cost directly attributable to the income generated and not associated with specific areas of ministry (see below)
Cost of generating fund includes costs of generating income through Rochester Cathedral Enterprises Ltd.

	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2017
	£000	£000	£000	£000	£000
Facilities for visitors	51	-	-	-	51
Services directly recoverable	22	-	-	-	22
Retail	43	-	-	-	43
Catering	90	-	-	-	90
Marketing costs	4	-	-	-	4
Costs of appeals and fundraising	38	-	-	-	38
Investment property costs					
Estate projects (Note 4)	18	58	-	30	106
Other investment property costs	97	-	-	-	97
Support costs	13	-	12	-	25
	376	58	12	30	476

3. Expenditure on mission	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2018
(i) Ministry & music	£000	£000	£000	£000	£000
Clergy stipends and working expenses	-	-	130	-	130
Clergy housing costs	21	-	-	-	21
Clergy support costs	44	-	-	-	44
Services and music	226	27	68	-	321
Ministry support costs	62	-	59	-	121
	353	27	257	-	637
	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2017
	£000	£000	£000	£000	£000
Clergy stipends and working expenses	(23)	-	168	-	145
Clergy housing costs	23	-	7	-	30
Clergy support costs	28	-	-	-	28
Services and music	220	12	70	-	302
Ministry support costs	56	-	54	-	110
	304	12	299	-	615

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(ii) Cathedral and precincts upkeep					
Major projects (note 4)	16	-	296	-	312
Maintenance and interior upkeep	187	-	3	-	190
Insurance	28	-	-	-	28
Precincts security and gardens upkeep	30	-	8	-	38
Support costs	38	-	36	-	74
	<u>299</u>	<u>-</u>	<u>343</u>	<u>-</u>	<u>642</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Major projects (note 4)	-	-	523	-	523
Maintenance and interior upkeep	157	-	3	-	160
Insurance	29	-	-	-	29
Precincts security and gardens upkeep	34	-	-	-	34
Support costs	33	-	32	-	65
	<u>253</u>	<u>-</u>	<u>558</u>	<u>-</u>	<u>811</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(iii) Education and outreach					
Educational activities	130	1	2	-	133
Archives & library	-	-	-	-	-
Charitable giving	7	-	8	-	15
Support costs	11	-	10	-	21
	<u>148</u>	<u>1</u>	<u>20</u>	<u>-</u>	<u>169</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Educational activities	78	-	12	-	90
Archives & library	-	-	-	-	-
Charitable giving	10	-	4	-	14
Support costs	12	-	13	-	25
	<u>100</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>129</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(iv) Community, parish and congregation					
Community, parish and congregation costs	4	2	-	-	6
Support costs	3	-	3	-	6
	<u>7</u>	<u>2</u>	<u>3</u>	<u>-</u>	<u>12</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Community, parish and congregation costs	13	2	-	-	15
Support costs	5	-	4	-	9
	<u>18</u>	<u>2</u>	<u>4</u>	<u>-</u>	<u>24</u>
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
(v) Other expenditure on mission					
Interest and similar charges	3	-	-	-	3
Care of chancels	2	7	5	-	14
Hidden Treasures project (HLF)	-	-	109	-	109
	5	7	114	-	126
	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2017 £000
Interest and similar charges	5	-	-	-	5
Care of chancels	2	-	5	-	7
Hidden Treasures project (HLF) (Note 4)	-	-	220	-	220
	7	-	225	-	232
	1,082	86	748	152	2,068

4. Major Projects - gross cost (Note 2)

	Start date	2018 Funds £000	2017 Funds £000	2016 Funds £000	2015 Funds £000	Total Funds £000
Estate Projects						
Prebendal House	2012/16	-	1	28	-	29
Deanery Wall	2012	-	-	-	1	1
Deanery Lodge Refurbishment	2014	-	-	-	5	5
84 High Street - extension project	2015	-	30	32	2	64
82/84 High Street chimney repair	2015	-	-	-	26	26
Water supply to the College	2015	-	-	-	9	9
Phoenix House - common area redecoration	2018	45	-	-	3	48
Garth House Reception	2016	-	-	10	9	19
Phelips Lodge Refurbishment	2016	-	26	31	3	60
Deanery Refurbishment	2016	-	-	9	-	9
Easter Garth refurbishment	2017	-	12	-	-	12
East Canonry refurbishment	2017	-	15	-	-	15
1a College Yard refurbishment	2017	-	9	-	-	9
College Yard External Repairs	2017	-	10	-	-	10
Deanery Window & Roof repairs	2018	3	-	-	-	3
82 High Street - refurbishment	2018	152	-	-	-	152
Others under £5,000		1	3	5	4	13
		201	106	115	62	484

4. Major Projects - gross cost

	Start date	2018 Funds £000	2017 Funds £000	2016 Funds £000	2015 Funds £000	Total Funds £000
Cathedral major projects (Note 3)						
Others under £5,000	2018	6	5	13	5	29
Pulpitum Screen	2017	2	20	-	-	22
Ground Radar Survey	2018	7	-	-	-	7
Glazing Survey	2018	7	-	-	-	7
St Andrew Centre Asbestos removal	2018	18	-	-	-	18
QI Fees	2018	5	-	-	-	5
Electrical Testing	2018	6	-	-	-	6
CCTV	2018	32	-	-	-	32
Cloister Garth Project	2018	47	-	-	-	47
Crypt Served	2017	-	56	-	-	56
Crypt Ventilation	2017	26	73	-	-	99
WIFI	2017	2	9	-	-	11
Quinquennial fees and costs	2014	-	-	-	-	-
WW1 QI Roof Repairs/Eastern Roof	2017/2015	153	357	10	154	674
Vinegar Bible conservation	2015	-	-	-	10	10
Precinct/Garden Walls	2015	-	-	21	22	43
Fire detection System	2016	-	-	33	-	33
Vestry Fit Out	2016	-	3	31	-	34
Crypt Flood	2016	1	-	36	-	37
		312	523	144	191	1,170

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

5. Support costs

Support costs, which are the running costs of administration, are allocated to the different expenditure headings on the basis of the number of full-time staff in each department. The support costs are apportioned as follows to the main expenditure headings:

	Direct costs	Support costs	Total 2018	Direct costs	Support costs	Total 2017
	£000	£000	£000	£000	£000	£000
Funds generation	459	23	482	451	25	476
Ministry	516	121	637	505	110	615
Cathedral and precincts upkeep	568	74	642	746	65	811
Education and outreach	148	21	169	104	25	129
Community, parish and congregation	6	6	12	15	9	24
Other	126	-	126	232	-	232
	1,823	245	2,068	2,053	234	2,287

Auditors remuneration

Auditors' remuneration for audit services amounted to £10,735 (2017: £10,614)

Operating lease commitments

The Cathedral has entered into a number of operating leases as lessee for which the total of future minimum lease payments are as follows:

	2018
	£000
Within 1 year	5
Later than one year but within five years	42
Later than five years	7
Total	54

6. Investment property

	Endowment Funds	Total 2018	Total 2017
	£000	£000	£000
Value at 1st January 2018	10,580	10,580	9,996
Disposal	-	-	-
Transferred from non investment property	-	-	363
Gain on revaluation	165	165	221
Value at 31st December 2018	10,745	10,745	10,580

The Cathedral's properties were revalued by Robert Wickham FRICS, an external valuer, as at March 2007 and revised for values up to December 2016 on a The Cathedral's properties have not been revalued by a formal external valuer. FRS 102 s2.13 states that the "benefits derived from the information should exceed the cost of providing it". Chapter believes that the cost of a formal revaluation, even on a 5 year rolling basis, exceeds the benefit that such a valuation would provide.

All properties are held at freehold value, and none are held by the subsidiary company.

7. Other investments

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2018
	£000	£000	£000	£000	£000
Value at 1st January 2018	496	351	135	3,438	4,420
Additions/ disposals	300	(8)	13	123	428
Net increase on disposals and revaluation	(21)	1	(2)	(49)	(71)
Value at 31st December 2018	775	344	146	3,512	4,777
CBF Church of England Funds	775	203	126	3,342	4,446
CBF Property Funds	-	121	-	170	291
Cash investments	-	20	20	-	40
	775	344	146	3,512	4,777

As at the 31 December 2017 the whole of the investment portfolio was managed by CCLA and held in CBF Funds.

No individual equity holding amounts to over 5% of the total value of investments.

No investments are held by the subsidiary company.

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2017
	£000	£000	£000	£000	£000
Value at 1st January 2017	455	64	379	2,977	3,875
Additions/ disposals	-	267	(254)	193	206
Net increase on disposals and revaluation	41	20	10	268	339
Value at 31st December 2017	496	351	135	3,438	4,420
CBF Church of England Funds	496	221	128	3,273	4,118
CBF Property Funds	-	118	-	165	283
Cash investments	-	12	7	-	19
	496	351	135	3,438	4,420

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

8. Non- investment property

	Endowment Funds £000	Total 2018 £000	Total 2017 £000
Freehold value at 1st January 2018	5,496	5,496	5,859
Net increase/(decrease) in revaluation	327	327	-
Transferred to investment property	-	-	(363)
Freehold value at 31st December 2018	<u>5,823</u>	<u>5,823</u>	<u>5,496</u>
For Cathedral use	5,823	5,823	5,496
For Trading purposes	-	-	-
	<u>5,823</u>	<u>5,823</u>	<u>5,496</u>

The Cathedral's properties were revalued by Robert Wickham FRICS, an external valuer, as at March 2007 and revised for values up to December 2018 on a yield basis for commercial property and by reference to a recognised property index for residential property. No investment properties are held by the subsidiary company.

9. Plant and equipment

	Temporary Buildings £000	Plant £000	Computer Equipment £000	Fixtures & Fittings £000	Total 2018 £000
Cost brought forward at 1st January 2018	13	44	14	16	87
Additions	-	-	6	-	6
Disposals	-	(10)	-	-	(10)
Cost carried forward at 31st December 2018	<u>13</u>	<u>34</u>	<u>20</u>	<u>16</u>	<u>83</u>
Depreciation brought forward at 1st January 2018	3	42	14	5	64
Charge for year	1	1	1	3	6
On disposals	-	(10)	-	-	(10)
Depreciation carried forward at 31st December 2018	<u>4</u>	<u>33</u>	<u>15</u>	<u>8</u>	<u>60</u>
Net book value	<u>9</u>	<u>1</u>	<u>5</u>	<u>8</u>	<u>23</u>

	Temporary Buildings £000	Plant £000	Computer Equipment £000	Fixtures & Fittings £000	Total 2017 £000
Cost brought forward at 1st January 2017	13	44	14	30	101
Additions	-	-	-	10	10
Disposals	-	-	-	(24)	(24)
Cost carried forward at 31st December 2017	<u>13</u>	<u>44</u>	<u>14</u>	<u>16</u>	<u>87</u>
Depreciation brought forward at 1st January 2017	2	40	14	15	71
Charge for year	1	2	-	4	7
On disposals	-	-	-	(14)	(14)
Depreciation carried forward at 31st December 2017	<u>3</u>	<u>42</u>	<u>14</u>	<u>5</u>	<u>64</u>
Net book value	<u>10</u>	<u>2</u>	<u>-</u>	<u>11</u>	<u>23</u>

10 Stocks

	Retail £000	Total 2018 £000	Total 2017 £000
Value at lower of cost or net realisable value	24	24	26

All the stocks above are held in the subsidiary company.

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

11 Debtors due within one year	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2018
	£000	£000	£000	£000	£000
Consolidated					
Trade debtors	50	-	-	-	50
Grants	-	-	29	4	33
Other	92	-	2	-	94
Prepayments	41	-	-	-	41
	183	-	31	4	218
Cathedral Only					
Trade debtors	50	-	-	-	50
Grants	-	-	29	4	33
Other	92	-	2	-	94
Prepayments	41	-	-	-	41
	183	-	31	4	218

Other Debtors includes £13k due from Rochester Cathedral Trust.

Other Debtors includes £5k in respect of the trading subsidiary.

Debtors due within one year	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2017
	£000	£000	£000	£000	£000
Consolidated					
Trade debtors	73	-	-	-	73
Grants	2	-	116	-	118
Other	589	1	2	53	645
Prepayments	8	-	-	-	8
	672	1	118	53	844
Cathedral Only					
Trade debtors	73	-	-	-	73
Grants	2	-	116	-	118
Other	616	1	2	53	672
Prepayments	8	-	-	-	8
	699	1	118	53	871

12. Creditors falling due within one year	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2018
	£000	£000	£000	£000	£000
Consolidated					
Trade creditors	54	-	-	-	54
Other	54	16	-	-	70
Bank Loan	16	-	-	-	16
Accruals and deferred income	134	-	109	53	296
	258	16	109	53	436
Cathedral Only					
Trade creditors	36	-	-	-	36
Other	54	16	-	-	70
Bank Loan	16	-	-	-	16
Accruals and deferred income	134	-	109	53	296
	240	16	109	53	418

Trade Creditors includes £17k in respect of the trading subsidiary.

Creditors falling due within one year	Unrestricted	Designated	Restricted	Endowment	Total
	Funds	Funds	Funds	Funds	2017
	£000	£000	£000	£000	£000
Consolidated					
Trade creditors	47	-	-	-	47
Other	155	-	-	-	155
Bank Loan	12	-	-	-	12
Accruals and deferred income	30	-	-	-	30
	244	-	-	-	244
Cathedral Only					
Trade creditors	47	-	-	-	47
Other	152	-	-	-	152
Bank Loan	12	-	-	-	12
Accruals and deferred income	30	-	-	-	30
	241	-	-	-	241

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2018

13. Creditors falling due after one year	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2018
Consolidated	£000	£000	£000	£000	£000
Bank Loan	362	-	-	-	362
	<u>362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362</u>
One to two years	16	-	-	-	16
Two to five years	64	-	-	-	64
Over five years	282	-	-	-	282
	<u>362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362</u>
Cathedral Only					
Bank Loan	362	-	-	-	362
	<u>362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362</u>
One to two years	16	-	-	-	16
Two to five years	64	-	-	-	64
Over five years	282	-	-	-	282
	<u>362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362</u>

The loan secured is for £850k from Lloyds Bank secured on 5 commercial properties owned by the Cathedral. The repayment of the loan is over 20 years at an interest rate of 2.6% above base.

Creditors falling due after one year	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2017
Consolidated	£000	£000	£000	£000	£000
Bank Loan	380	-	-	-	380
	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380</u>
One to two years	26	-	-	-	26
Two to five years	26	-	-	-	26
Over five years	328	-	-	-	328
	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380</u>
Cathedral Only					
Bank Loan	380	-	-	-	380
	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380</u>
One to two years	26	-	-	-	26
Two to five years	26	-	-	-	26
Over five years	328	-	-	-	328
	<u>380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380</u>

The loan secured is for £850k from Lloyds Bank secured on 5 commercial properties owned by the Cathedral. The repayment of the loan is over 20 years at an interest rate of 2.6% above base.

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

14. Designated Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2018			Movements		31 Dec 2018
	£	£	£	£	£	£
Chancels Sinking Fund	51,938	2,271	(7,679)	(679)	(45,851)	-
Organ Sinking Fund	28,720	3,009	-	(327)	5,000	36,402
Mary J Smith (Barrett's Folly) Bequest	277,077	11,483	(26,983)	1,894	-	263,471
Music Outreach Fund	9,239	-	-	-	-	9,239
Education Fund	4,429	2,400	(917)	-	-	5,912
Missioner Fund	2,972	-	-	-	-	2,972
Gardens & Grounds - Plants	2,000	-	-	-	-	2,000
India Travel Fund	554	-	-	-	-	554
Stewards Fund	1,586	493	(213)	-	-	1,866
Dean's Fund	2,674	150	(605)	-	-	2,219
Junior Church Fund	2,800	-	(576)	-	-	2,224
Cathedral lighting	1,000	-	-	-	-	1,000
Capital Improvement Fund	22,109	-	(49,475)	-	39,000	11,634
Garth House Internal	-	-	-	-	66,000	66,000
Garth House External	-	-	-	-	73,351	73,351
2019 Projects	-	-	-	-	47,000	47,000
Roof Tiles Fund - Library	6,983	-	-	-	-	6,983
	414,081	19,806	(86,448)	888	184,500	532,827

	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2017			Movements		31 Dec 2017
	£	£	£	£	£	£
Chancels Sinking Fund	43,132	1,497	-	2,309	5,000	51,938
Organ Sinking Fund	20,317	2,416	(125)	1,112	5,000	28,720
Mary J Smith (Barrett's Folly) Bequest	-	11,500	(11,500)	17,084	259,993	277,077
Music Outreach Fund	9,239	-	-	-	-	9,239
Education Fund	3,429	1,000	-	-	-	4,429
Missioner Fund	2,432	-	-	-	540	2,972
Gardens & Grounds - Plants	2,000	-	-	-	-	2,000
Precentors Fund	236	-	(236)	-	-	-
India Travel Fund	454	100	-	-	-	554
Stewards Fund	1,176	995	(585)	-	-	1,586
Dean's Fund	569	2,550	(445)	-	-	2,674
Junior Church Fund	1,384	2,800	(1,384)	-	-	2,800
Cathedral lighting	1,000	-	-	-	-	1,000
Capital Improvement Fund	40,411	-	(58,302)	-	40,000	22,109
Roof Tiles Fund - Library	6,983	-	-	-	-	6,983
	132,762	22,858	(72,577)	20,505	310,533	414,081

Designated Funds - description

Chancels Sinking Fund	To provide for future repairs to parish church chancels (note 22)
Organ Sinking Fund	For the future refurbishment of the organ
Mary J Smith (Barrett's Folly) Bequest	For supporting music in the Cathedral
Music Outreach Fund	To support the music outreach programme
Education Fund	To support developmental education work
Missioner Fund	Canon Missioner's discretionary fund
Gardens & Grounds - Plants	For the acquisition of plants for garden development
Precentors Fund	Canon Precentor's discretionary fund
India Travel Fund	To assist travel to Cathedral supported projects in Chennai
Stewards Fund	To support costs and training of cathedral stewards
Dean's Fund	Dean's discretionary fund
Junior Church Fund	To support costs and set-up of Junior Church
Cathedral lighting	To improve lighting within the Cathedral
Capital Improvement Fund	To provide for future repairs and improvements to Estate Properties
Roof Tiles Fund - Library	Donations for Library Roof Tiles for Library

Transfers in 2018 made up as follows;

Transfer from Chancels Fund for Garth House external repairs	£ (45,851)
Transfer to Capital Improvement Fund for Garth House external repairs	45,851
Transfer from General Fund to Capital Improvement Fund for Garth House external repairs	27,500
Transfer from General Fund to Capital Improvement Fund for Garth House internal repairs	66,000
Transfer from General Fund to Capital Improvement Fund for 2018 Capital Projects	39,000
Transfer from General Fund to Capital Improvement Fund for 2019 Projects	47,000
Transfer from General Fund to Organ Sinking Fund for 2018 contribution	5,000
	184,500

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

15. Restricted Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2018			Movements		31 Dec 2018
	£	£	£	£	£	£
Church Commissioners' Restricted	-	253,740	(253,740)	-	-	-
Father Smith Bequest	317,485	-	(108,750)	-	-	208,735
HJ Hoby Bequest - Capital	105,757	-	-	(1,586)	-	104,171
HJ Hoby Bequest - Income	27,796	3,541	-	-	-	31,337
Doris Colmore Peters Bequest	23,142	747	-	(332)	-	23,557
Cathedral Projects fund	37,111	283,046	(312,470)	-	-	7,687
Music fund	-	68,700	(68,700)	-	-	-
Roman Wall Fund	6,768	-	-	-	-	6,768
Chennai project fund	8,383	3,675	(3,500)	-	-	8,558
Chennai - Team Charlie	15,554	3,417	(4,500)	-	-	14,471
EV Family Fun Day	2,844	-	-	-	-	2,844
Garth Roses	4,496	-	-	-	-	4,496
Embroidery fund	791	4	-	-	-	795
Library Fund	795	4	-	-	-	799
Choir fund	500	-	-	-	-	500
Flower Guild	3,117	2,485	(2,862)	-	-	2,740
Youth Fund	24,896	2,550	-	-	-	27,446
Congregation Fund	3,861	3,339	-	-	-	7,200
Friends of Rochester Cathedral Music	19,205	3,041	(1,651)	-	-	20,595
AVCV	-	1,697	-	-	-	1,697
Bells Centenary Fund	-	13,995	-	-	-	13,995
	602,501	643,981	(756,173)	(1,918)	-	488,391

	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2017			Movements		31 Dec 2017
	£	£	£	£	£	£
Church Commissioners' Restricted	3,141	315,893	(324,512)	-	5,478	-
Father Smith Bequest	317,485	-	-	-	-	317,485
Mary J Smith (Barrett's Folly) Bequest	259,993	-	-	-	(259,993)	-
HJ Hoby Bequest - Capital	97,001	-	-	8,756	-	105,757
HJ Hoby Bequest - Income	24,325	3,471	-	-	-	27,796
Doris Colmore Peters Bequest	21,283	731	-	1,128	-	23,142
Hidden Treasures Fresh expressions (HLF2)	-	269,198	(219,704)	-	(49,494)	-
Cathedral Projects fund	11,535	548,894	(523,318)	-	-	37,111
Music fund	-	59,514	(59,514)	-	-	-
Roman Wall Fund	6,768	-	-	-	-	6,768
Chennai project fund	5,275	3,608	(500)	-	-	8,383
Chennai - Team Charlie	13,038	5,516	(3,000)	-	-	15,554
EV Family Fun Day	2,304	1,000	(460)	-	-	2,844
Homeless (Emmaus)	1,000	-	(1,000)	-	-	-
Garth Roses	3,996	500	-	-	-	4,496
Embroidery fund	787	4	-	-	-	791
Library Fund	793	2	-	-	-	795
Choir fund	500	-	-	-	-	500
Flower Guild	3,363	2,934	(3,180)	-	-	3,117
Youth Fund	21,429	3,467	-	-	-	24,896
Congregation Fund	10,462	3,899	(10,500)	-	-	3,861
Friends of Rochester Cathedral Music	25,823	4,872	(11,490)	-	-	19,205
	830,301	1,223,503	(1,157,178)	9,884	(304,009)	602,501

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

15. Restricted Funds - description		Income/ capital
Church Commissioners' Restricted	To meet stipends and associated costs of clergy	Both
Father Smith Bequest	This fund derived from the will of Revd CL Smith. It is to be applied in constructive work in connection with the Cathedral, for example the reconditioning of a Chapel. Both income and capital may be used.	Both
Mary J Smith (Barrett's Folly) Bequest	For supporting music in the Cathedral - transferred to designated funds	Both
HJ Hoby Bequest	This fund derived from the estate of HJ Hoby. The Capital is to be retained intact with the income to be used for Cathedral fabric and Music, particularly Music.	Residue - income only
Doris Colmore Peters Bequest	For work with youth and children	Both
Hidden Treasures Fresh Expressions (HLF2)	For the Crypt development project funded by Heritage Lottery Fund, with additional funding from the Collyer Fergusson Trust, Garfield Weston Trust, Friends of Rochester Cathedral and Rochester Cathedral Trust.	Both
Cathedral Projects Fund	For projects specifically funded by outside bodies	Both
Music Fund	For the provision of music. From the Music Endowment	Both
Roman Wall Fund	For maintenance of the Roman Wall	Both
Chennai project fund	For constructing a church near Chennai, India	Both
EV Family Fun Day	Specific grant funding/fundraising for the Family Fun Day	Both
Homeless (Emmaus)	Balance of funds received for the Homeless Project	Both
Garth Roses	For acquiring new roses for the Garth	Both
Embroidery Fund	For restoration of the Library curtains and other embroidery projects	Both
Library Fund	For purchases and running costs of the library	Both
Choir Fund	For Choir recruitment brochures	Both
Flower Guild	For the provision of flowers in the Cathedral	Both
Youth Fund	Specific donations for Young Peoples Work	Both
Congregation Fund	Specific donations for developing the congregation	Both
Friends of Rochester Cathedral Music	Specific fundraising for the Choir and Music	Both
ACVC	Association of Cathedral Voluntary Choirs Festival 2019	Both
Bells Centenary fund	Specific fundraising for a new bell	Both

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

16. Endowment Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2018			Movements		31 Dec 2018
	£	£	£	£	£	£
General endowment	18,909,443	-	(151,756)	462,865	-	19,220,552
Music endowment	1,088,949	71,631	-	(20,142)	-	1,140,438
	<u>19,998,392</u>	<u>71,631</u>	<u>(151,756)</u>	<u>442,723</u>	<u>-</u>	<u>20,360,990</u>

	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2017			Movements		31 Dec 2017
	£	£	£	£	£	£
General endowment	18,526,828	-	(30,067)	412,682	-	18,909,443
Music endowment	875,460	137,427	-	76,062	-	1,088,949
	<u>19,402,288</u>	<u>137,427</u>	<u>(30,067)</u>	<u>488,744</u>	<u>-</u>	<u>19,998,392</u>

Endowment Funds - description

General endowment	Permanent endowment to generate income for the Cathedral	Income only
Music Endowment	Raised by Rochester Cathedral Trust for the provision of music	Income only

Priors - Chorister Endowments £50,000

M Aiken	Ouseley Fund
J Callebaut	Hans and Julia Rausing Trust
P & L Cooke	Worshipful Company of Mercers
Henry Oldfield Trust	Worshipful Company of Sadlers

17. Staff numbers

The average full time equivalent number of paid staff working for the Cathedral during the year was 28.6 (2017: 27.0).

	2018 No.	2017 No.
Funds generation	2.2	2.7
Ministry	11.1	10.7
Cathedral and precincts upkeep	7.1	6.7
Education and outreach	3.1	2.8
Community, parish and congregation	0.5	0.9
Administration and finance	4.6	3.2
	<u>28.6</u>	<u>27.0</u>

Of the above, members of Chapter numbered 3.0 (2017: 4.2)

18. Staff costs

	Salaries & Stipends £000	Employers' NI £000	Employers' Pension £000	Total £000
2018	737	51	62	850
2017	772	48	61	881

19. Emoluments of higher paid staff

No of staff members paid more than £60,000 were 1 (2017: 1).

Key Management Personnel

Salary levels for Chapter members is set by the Church Commissioners.

Salary levels for the Chapter Clerk - Executive Director and other senior staff are set by reference to available benchmarks.

20. Remuneration of members of Chapter

The remuneration of the members of Chapter was:

	2018		2017	
	Stipend (incl Employers NI)	Employers' Pension	Stipend (incl Employers NI)	Employers' Pension
The Dean	39,509	11,826	38,620	11,668
Canon for Mission & Growth	30,385	9,460	29,130	8,999
Canon Precentor	30,344	8,537	23,228	7,337
Canon for Discipleship	-	-	23,127	6,996
Archdeacon (20% attributable to the Cathedral)	-	-	7,580	2,360
	<u>100,238</u>	<u>29,823</u>	<u>121,684</u>	<u>37,359</u>

The remuneration and pension provision of clerical members of Chapter are paid in accordance with scales laid down annually by the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board. No remuneration was paid to lay members of Chapter in their capacity as Chapter members.

£2,285 (2017- £1,941) in expenses were paid in total to the 9 (2017: 8) members of Chapter during the year. Expenses comprised travel, entertainment and non-departmental expenses.

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2018

20. Remuneration of members of Chapter (continued)

Related Party Transactions

Unrestricted donations totalling £2,680 (2017: £2,200) were made by members of Chapter in the year. Details of remuneration and expenses paid to members of Chapter are shown in note 20.

There were no other related party transactions in the year.

21. Pensions

Rochester Cathedral (PB 2014) participates in the Pension Builder Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and other participating employers.

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

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide their benefits at retirement.

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable. (2018: £29,695, 2017: £27,152)

A valuation of the scheme is carried out once every three years. The most recent valuation completed was carried out as at 31 December 2016.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, Rochester Cathedral could become responsible for paying a share of that employer's liabilities.

22. Contingent Liability

The Chapter have a legal responsibility for the maintenance and repair of 25 parish church chancels. They are entitled to claim 66.6% of the costs incurred from the Church Commissioners.

From 1st January 2019 future Chancel Repair liabilities will be funded 100% by the Church Commissioners.

As at 31st December 2018, Chapter were aware of only 1 current chancel repair for which it would be responsible for 33.3% of the costs. Provision has been made for this item in the year.

23. Consolidated entities

Rochester Cathedral Enterprises Ltd is wholly owned by the Cathedral, and its results and assets have been consolidated into these accounts. The company gift-aided £19k to the Cathedral during the period (2017: £Nil).

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2018

24. Connected entities

Two entities exist which are wholly for the benefit of the Cathedral, but which are not under its control: being Rochester Cathedral Trust and Friends of Rochester Cathedral.

Only income received or receivable from the entities is included in the accounts.

Relevant information about their income and assets is:

	Friends of Rochester Cathedral		Rochester Cathedral Trust	
	2018 £000	2017 £000	2018 £000	2017 £000
	(Draft)			
Gross income	75	129	256	306
Net income	(145)	40	(2)	93
Amount paid to the Cathedral	78	86	192	158
Gross Assets	1,123	1,263	254	256
Net Assets	1,118	1,262	252	254

25. Heritage Assets

The Cathedral owns a number of assets that are of architectural, archaeological, artistic or historic interest and which would be considered to be heritage assets. As stated in the Accounting Policies note, no value is placed on these assets in the balance sheet.

Nature of assets

Heritage assets fall into the following categories:

- Paintings
- Plate
- Textiles (including robes and altar linen)
- Books
- Stained Glass
- Monuments and Ledgers
- Miscellaneous (including bells, organs, clocks, and lights).

No items included in the inventory have been disposed of in the period and no items acquired which would warrant inclusion in the inventory.

Acquisition, disposal, preservation and management of heritage assets

Under section 13(1) of the Care of Cathedrals Measure 1990, Cathedrals are required to keep an inventory of items owned by the Cathedral that are of Section 2(b) and (c) of the Measure also issues strict guidelines about the acquisition and disposal of such assets.

Many of the heritage assets held are situated within the Cathedral itself and can be viewed by visitors to the Cathedral. From time to time, the Dean and Chapter will grant public access to certain heritage assets such as the exhibition in July 2010 of the Textus Roffensis, the earliest written record of the English language. The Textus was on display in October 2015 together with the Faversham Magna Carta and from September 2018 to February 2019 it has been exhibited at the British Library.