SOUTHWELL CATHEDRAL CHAPTER

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2018

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SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT
FOR THE YEAR ENDED 31st DECEMBER 2018

1. LEGAL AND ADMINISTRATIVE INFORMATION

Full Name:

The Cathedral and Parish Church of the Blessed Virgin Mary

Office Address:

Southwell Cathedral Chapter
Minster Office
Church Street
Southwell
Notts NG25 0HD

01636 812649

administrator@southwellminster.org.uk

Members of the Cathedral Chapter

The Very Revd Nicola Sullivan
The Revd Canon Nigel Coates (Canon Chancellor)
The Revd Canon Jacqueline Jones (Canon Precentor) (until July 2018)
Canon Phil Blinston (appointed by the Bishop)
Mr Richard Vigar FCA (appointed by the Bishop)
Mrs Vicky Thorpe (elected by the APCM)
Dr Hugh Middleton (elected by the APCM) (until April 2018)
Mr Andrew Corner (prospective Parish representative from July 2018)
The Revd Canon John Bentham (appointed by the Bishop)
Mr Tim Richmond FCA (appointed by the Bishop)
Mr Shaun Boney (appointed by the Bishop from January 2018)

Cathedral Administrator

The senior member of staff to whom day-to-day management of the Cathedral is delegated by Chapter is Mrs Adele Poulson (from February 2018).

Professional Advisors

Auditors:	BHP LLP 2 Rutland Park Sheffield S10 2PD
Bankers:	National Westminster Bank plc Newark (A) Branch 1 Market Place Newark Notts NG24 1DY
Investment Managers:	Brewin Dolphin Ltd 1st Floor, Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ
	CCLA Senator House 85 Queen Victoria Street London EC4V 4ET
Solicitors:	Chattertons 9 Broad Street Stamford Lincs PE9 1PY
Surveyor of the Fabric:	Mr Nicholas Rank BA (Hons) BArch RIBA AABC FRSA Buttress Fuller Alsop Williams 41 Bengal Street Manchester M4 6AF
Archaeologist:	Dr Philip Dixon 24 Crown Street Newark Notts NG24 4UY

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Statutes: The administration and the affairs of the Cathedral are overseen by the Chapter in accordance with the Constitution and Statutes, which came into effect on 19th March 2000 and revised January 2012.

The Role of the Cathedral within the Diocese

The Cathedral is the mother church of the Diocese of Southwell and Nottingham. It is the seat of the Bishop and a centre of worship and mission. The Cathedral supports the Bishop of the Diocese by daily prayer and by endorsing the Diocesan vision 'Growing disciples; wider, younger, deeper'. The Cathedral is used for major Diocesan Services and synods, such as ordinations and installations as well as confirmations. It is also a venue for civic events, concerts, assemblies for the Minster School, an awards ceremony for Nottingham Trent University at Brackenhurst and for a programme of lectures and art exhibitions.

The Diocese was founded in 1884. It covers 847 square miles including the whole of Nottinghamshire and a few parishes in South Yorkshire. The Diocese includes the city of Nottingham and many former coalfield communities. There are 307 Anglican Church buildings in the 250 parishes, served by 123 stipendiary and 31 self-supporting clergy.

The primary work of the Cathedral in 2018 is the same as it has been through the ages, the worship of God, the mission of the gospel and the ministry of hospitality and welcome. It is a prayerful place and a spiritual resource to the Diocese of Southwell and Nottingham. Daily worship is at the centre of our life. Southwell Minster as Cathedral and parish church offers all who come an opportunity for celebration, learning and discovery.

The Cathedral seeks to develop its mission and ministry in the town, county and further afield. We have a partnership with the Diocese of Natal in South Africa and with the Diocese and Cathedral of Jerusalem.

Links with other denominations locally are fostered through membership of Churches Together in Southwell.

Organisation and Structure

The Bishop of Southwell and Nottingham has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan occasions, e.g. ordinations and synods. He is the Visitor and in this role ensures the observance of the Constitution and Statutes. He is assisted by the Suffragan Bishop, the Bishop of Sherwood. The Chapter, College of Canons and Cathedral Council form the organisational governance structure.

Pay Policy for Key Management Personnel

Cathedral Clergy are paid in accordance with the stipends set by the Church Commissioners and are appointed under Common Tenure, Clergy Terms of Service 2010. Other staff are paid in accordance with remuneration which is decided by members of the Cathedral Chapter.

The Chapter

- Orders the worship and promotes the mission of the Cathedral.
- Formulates (after consultation with the Bishop) proposals in connection with the general direction and mission of the Cathedral and submits them to the Council for advice.
- Prepares an annual budget and financial plans for the Cathedral.
- Manages all property vested in the Cathedral.
- Is responsible for governance, policy and vision

Statement of Chapter's Responsibilities

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given 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 guidelines on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for 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.
- Safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Cathedral will continue to be financially viable.

The Chapter has the power to acquire and dispose of property on behalf of the Cathedral Foundation.

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The Governance of the Cathedral

The Dean is the Chair and Chapter consists of two Residentiary Canons, together with members appointed by the Bishop of Southwell and Nottingham and two members elected by the Annual Parochial Church Meeting. The Chapter meets a minimum of nine times each year as a body but its detailed work is primarily devolved to a number of committees and boards, which deal with the following:

Education and Libraries	Health and Safety	Pastoral
Fabric	Liturgy and Worship	Property
Finance and Investment	Mission	Safeguarding
Shop Management	Audit and Risk	

The Finance and Investment Committee has ten members and is chaired by Col Tim Richmond. The members include the Dean, Cathedral Administrator, one Residentiary Canon and other members with financial and investment management expertise and property management expertise. Its function is to advise on financial accounting, to prepare an annual budget and present it to Chapter, to monitor the budget, to discuss income generation, to prepare a five year plan and to prepare the annual accounts for auditors.

Under the Cathedrals Measure 1999, the Chapter may invest the Cathedral's funds in:

- 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.
- The improvement on development of property belonging to the Cathedral, except that the capital from endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings.

A programme for the induction of new members of Chapter has been developed by the Association of English Cathedrals and has been used by new members of Chapter.

As the Cathedral is also a Parish Church, the Chapter has the responsibility of exercising the function of the Parochial Church Council transferred to the administrative body under Section 12(i) of the Cathedrals Measure, 1963.

The Cathedral Council

The Cathedral Council furthers and supports the work of the Cathedral, spiritual, pastoral, evangelistic, social and ecumenical. It reviews and advises on the direction of that work carried out by Chapter.

In particular it:
- Considers proposals submitted by the Chapter in connection with the general direction and mission of the Cathedral and gives advice on them.
- Receives and considers the annual budget, report and audited accounts.

The Chair of the Council is a layperson appointed by the Bishop and the Dean is a member of the Council. The Bishop is entitled to be present and speak at meetings but not to vote. Three members of the Council are chosen by the Chapter. Two members of the Council are chosen by the College of Canons. Three lay people (not being members of the Chapter) who represent the interests of the Cathedral Community – two people elected by the Annual Parochial Church Meeting and one person elected by the employees of the Cathedral are also members. Finally, ten other people who have relevant experience are appointed by the Bishop.

The College of Canons

The College of Canons comprises the Dean, the Residentiary Canons, the Suffragan Bishop and the Archdeacons, together with the Honorary Canons of the Cathedral.
Its role is to:
- Help maintain regular worship in the Cathedral.
- Receive and consider the annual report and audited accounts.
- Discuss matters concerning the Cathedral.

Fabric Advisory Committee

The Fabric Advisory Committee is a statutory body with members appointed by the Cathedrals Fabric Commission for England and also members appointed by the Cathedral. The group comprises of a number of representatives from professional bodies that provide advice and recommendations to Chapter.

No work may be carried out on the Cathedral that would materially affect its architectural, archaeological, artistic or historic character, nor may any object of architectural, archaeological or artistic interest be sold, lent or disposed of without the approval of either the Cathedrals Fabric Commission or the Fabric Advisory Committee.

3. OBJECTIVES & ACTIVITIES

Although the Cathedral is not regulated by the Charity Commission, Chapter confirms that it has had regard to the public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral 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. The Cathedral's Annual Review, along with this Annual Report, describes the activities that deliver these core public benefits.

Mission Statement:

"The Minster Community seeks to celebrate God's life, love and beauty in the Cathedral at the heart of the Diocese, in the life of the Parish and across the world. Our hope is in God the source of all community, and our purpose is the service of His Kingdom in the name of Jesus Christ and in the power of the Holy Spirit."

We will live out our mission through our strategic aims of:

Welcome, Hospitality and Christian Heritage

Offer a welcome to all visitors with the opportunity to discover the Cathedral, enjoy peace and have the opportunity for silence, quiet prayer and to light a candle or find a listening ear. We are here for everyone.

Worship

Offer inspiring services that lead and support all God's people and draw in those on the fringes of belief.

Faith, Learning and Discipleship

Create a place of theological enquiry, learning and Christian formation.

Outward facing engagement

To grow and build mutually beneficial relationships across the County in business, commerce agriculture, education with a special emphasis on areas of deprivation and social need.

A Sustainable and Ethical Business Operation

To create and improve sustainable income sources through a well administered business operation that will focus on growth through the development of new ideas and opportunities.

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Key priorities in 2018 were:

- The appointment of a Head of Marketing and Events
- The appointment and induction of a new Cathedral Administrator
- The appointment of a Canon Precentor in the last quarter of 2018
- The appointment of a gardener and ground maintenance operative
- Chapter's participation in the Association of English Cathedrals' training sessions for Finance and Governance and Marketing.
- The engagement with the Cathedrals Working Group Report published in July 2018.
- The successful delivery of the Round 1 development stage bid for the 'Leaves Project' from the National Lottery, Heritage Fund, from May 2018.
- The review of key operating policies and procedures to improves overall efficiency and effectiveness
- Financial sustainability and understanding of the need to close the operating deficit and generate additional income
- Review of the Safeguarding Policy in line with the diocesan and national guidelines
- The development of a number of new events, especially outdoor theatre, to encourage use of the gardens of the Archbishops Palace
- To increase overall visitor (tourist/pilgrim) numbers (achieved 7.9%)
- The development and implementation of a new website
- Increased communication and marketing of events.

A detailed review of the Cathedral's activities during 2018 is contained in the Annual Report, available from the Minster Centre.

MINISTRY

Worship
Each day the Offices of Morning and Evening Prayer are said or sung in the Cathedral and the Holy Communion is celebrated. Sunday services include Morning Prayer, Holy Communion, Family Eucharist, Sung Eucharist and Evensong.

Diocesan Events
The regular Diocesan events included the ordination of Deacons and Priests, a service for the Blessing of the Oils and Renewal of Ordination Vows, adult and youth confirmations. A service to celebrate the Queen's Birthday and a Civic Service were held in June. A County service for the Commemoration of the ending of Great War was held in November, as was a Centenary Service for Vote 100. Diocesan staff used the Cathedral for their staff Eucharist services during the year. A joint Cathedral and Diocesan staff Carol Service is held and the curates, led by the Bishop, have a regular midweek Eucharist.

Cathedral Events
The successful Southwell Music Festival in its 5th year hosted by the Cathedral and has been extended by one day due to its popularity. There has been a number of conferences and talks in support of the 'Leaves Project' that has attracted visitors, academics and sponsors from across the county and further afield.

CATHEDRAL AND PRECINCTS UPKEEP

- No. 2, Vicars Court has been refurbished
- Other properties have been maintained so as to minimise large expenditure in the future
- The State Kitchen has been refurbished to catering standard to enable the better use of the State Chamber for events
- The grounds are being developed to enhance the overall visitor experience

EDUCATION AND OUTREACH

Through our Learning and Outreach work we actively engage with the local community, schools and groups, to give children and adults the opportunity to grow and learn in a safe and welcoming environment. This year 8,000 visitors were welcomed to the Cathedral through routine school visits, new projects and large scale events. The work of the Education Department has been developed to meet the requirements of the school curriculum, and this year their work was recognised when the department was awarded the 'Sandford Award', an independently judged, quality assured assessment of education programmes at heritage sites across the country.

In 2018 just over 5,000 learners from schools, colleges and nurseries attended an education day, along with accompanying adults. They participated in a range of activities including Time Travelling which continues to attract schools from across the county. The remaining 3,000 visitors came to family fun and trails, adult learning or team training all of which have become an integral part of the educational offer.

4. ACHIEVEMENTS AND PERFORMANCE

The Archbishop's Palace was used for a number of outside events including wedding receptions, short courses and our own education work.

The quinquenial inspection report highlighted the need for the roofs to be replaced and grants were obtained from the Government's World War One Grant Scheme for Cathedrals to pay for the roofs on the north and south quire aisles. The total grant awarded to the Cathedral in both rounds of the Scheme was £586,000 and the work was completed in early 2018. Work on the main roof at the east end will be part of a projected bid to the Heritage Lottery fund.

The Finance & Investment Committee reviews the Cathedral's investment portfolio at least two times per year and invites managers from both investment companies annually to provide further information on market performance. The policy is to maintain steady capital growth whilst being able to receive a good level of income to support mission. 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). The investments held by Brewin Dolphin are subject to regular ethical screening based on the same ethical guidelines.

Some key figures and ratios and noted in section 6, Financial Review.

5. RELATIONSHIPS WITH OTHER ORGANISATIONS

To pursue its objectives, the Cathedral has formed relationships and works closely with the following organisations, which are listed in alphabetical order:

- Churches Together in Southwell
- Lowes Wong Primary School
- Sacrista Prebend Retreat House
- Simmons Charity Minster Repair Fund
- Southwell Minster Choir Association
- Southwell Town Council
- The Chimes Trust
- The Diocese of Southwell and Nottingham
- The Friends of Southwell Cathedral
- The Lieutenancy of Nottinghamshire
- The Minster School

6. FINANCIAL REVIEW

Financial performance

The following figures have been extracted from the audited accounts on pages 18 to 32

	2018	**2017**
	£	**£**
Operating costs:		
Clergy costs	127,211	224,923
Services and music	156,559	165,880
Vergers and interior upkeep	157,564	149,945
Administration costs	225,042	151,329
Outward giving	18,487	20,536
Insurances and other expenses (net)	95,545	89,356
Total annual operating costs	**780,408**	**801,969**
These costs were funded as follows:		
Collections and giving	215,389	206,238
Church Commissioners	247,444	261,034
Investments and property (net)	125,123	89,900
Fees, visitors, shop and events (net)	136,879	148,546
Total income	**724,835**	**697,718**
Operating deficit	**(55,573)**	**(104,251)**
Legacies	1,500	241,439
General Fund Operating Deficit/Surplus	**(54,073)**	**137,188**

The General Fund net operating deficit (before legacies) for the year was £55,573, compared with a deficit of £104,251 in 2017. The £55,573 includes over £35,000 of refurbishment expenditure to Vicar's Court properties.

The Chapter's main financial objective is to achieve annual surpluses of £100,000 (ignoring legacies) after funding the resources and facilities necessary to sustain the Mission of the Cathedral at the heart of the Diocese and as a Parish Church and to build prudent reserves and fund the development of services in support of Mission.

The above deficit whilst still significantly short of this aim nevertheless reflects the work that has been achieved to improve the cost effectiveness of the administration of the Cathedral and Chapter and also an improvement in income from its activities.

The Chapter's main effort, whilst continuing to review the costs and effectiveness of its administration, is focussed on plans to improve income further which includes growth from Visitors, Events, business operations and seeking longer term improvements in the use of those properties from which additional income can be achieved.

The outlook for 2019 is for a budgeted deficit of £76,900 which assumes:

- some growth in income of £109,000
- exceptional repairs and refurbishment costs in relation to properties of £60,000
- and includes the costs of investing in additional key staff with the experience and skills linked to achieving the additional the income which is at the heart of the Chapter's financial strategy.

The Chapter is very grateful to the Stewards and many other volunteers who are supporting it in developing its income and remains confident that its financial strategy is working and anticipates, subject to any unforeseen exceptional costs, a return to surplus in 2020, moving towards the £100,000 annual surplus objective.

During the year there was two prior year adjustments which totalled £422,346. Further details are provided in note 22 on page 33.

Reserves & Reserves Policy

The reserves held in unrestricted funds amounted to £264,272 as at 31st December 2018. This is split between general free reserves of £241,850 and designated reserves of £22,422. Total unrestricted funds have been split on the Consolidated Statement of Financial Activities (SOFA), on page 18 of the financial statements, disclosing the general and designated funds in individual columns.

In Chapter's view, the general free reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. Chapter propose to maintain the charity's free reserves at a level which is at least equivalent to six months operational expenditure. The current level is only three month's operational expenditure and Chapter reviews the amount of reserves that are required to ensure that they reach an adequate level to fulfil the charity's continuing obligations on a regular basis.

The reserves held in restricted funds amounted to £1,112,162 as at 31st December 2018. Information regarding the restricted funds is provided in note 15b on page 30.

The reserves held in the endowment funds amounted to £8,440,611 as at 31st December 2018. Information regarding the endowment funds is provided in note 15a on page 29.

Grants

All cathedrals are supported financially by the Church Commissioners in the provision of the stipend of a dean and stipends for two Residentiary Canons this amounted to £113,512 in 2018 (2017 - £131,758). Most cathedrals also receive a grant towards clergy support and administrative costs, and a total of £133,932 was received in 2018 (2017 - £129,276). During 2018 an additional £41,359 was received due the vacancy of the Canon Precentor and was used towards education and marketing salary costs.

A development grant of £155,500 was awarded from the Heritage Lottery Fund (now National Lottery, Heritage Fund) for The Archbishop of York's Southwell Palace project during 2011, following which, an implementation grant of £1,266,858 was awarded for the project in 2013 over a five year period. The final £47,945 was received in 2018.

A development grant of £299,700 was awarded from the National Lottery, Heritage Fund, for The Leaves of Southwell Project during 2017 and the first £71,636 of this was received during 2018. The balance of which, including a debtor of £68,863 for grant funds requested in 2018 will be received during 2019.

Fundraising

With our successful 'Round One' bid to the National Lottery, Heritage Fund (previously, The Heritage Lottery Fund) confirmed, fundraising for the 'Leaves of Southwell' (Chapter House/High Quire Roof) project moved into a second phase; as noted in last year's Report, we were £180,000 short of target. With generous support from individuals and national and area grant-making charitable trusts, this target has been met and we were able to confirm to the Lottery before the end of the year that all partnership funding for our 2019 'Round Two' application was in place. We are aware that there are bound to be unforeseen costs and items of expenditure that will arise not eligible for funding under Lottery criteria (it is inevitable with a project of this scale and complexity). Fundraising for the project continues.

During the year, we were greatly encouraged that two private individuals came forward requesting to fund two areas of need. The donor boards in the south transept and north quire aisle (along with the Royal Arms of Charles I and the Chimes board) were conserved, restored as necessary and re-hung. In the Archbishop's Palace, the upstairs kitchen was replaced with a catering-standard kitchen with much improved facilities to provide hot food for events in the State Chamber.

Visitor & Legacy Income

A major source of funding for the Minster's work is regular giving under Gift Aid by members of the Community with £155,800 received in 2018 (2017 - £145,700). Donations by visitors to the Minster decreased slightly in 2018 to £47,200 (2017 - £47,800).

The Southwell Minster legacy leaflet is still proactively distributed; copies are available by the donations boxes in the Minster. Legacy income amounted to £1,500 in 2018, (2017 - £241,497). Lifetime gifts are similarly extremely valuable and enable donors to have the joy of seeing the immediate benefit.

Trading Income

The Minster Shop net profit amounted to £26,448 in 2018 (2017 - £44,310) and continues to provide a valuable source of income to the Cathedral. The decrease in profit is mainly due to the writing off of obsolete stock which took place during 2018, otherwise the net result would have been comparable with 2017.

Investment Properties Portfolio

The investment property portfolio (Minster Centre, Sacrista Prebend, the Refectory and Bishops Manor) continues to provide a vital source of income. Net income, not including loan interest of £12,438 (2017 – £11,661), totalled £81,150 (2017 - £63,125). For more details of the return on investment properties please see note 7 on page 27.

Financial Investments

Chapter has established a policy of investment to produce income, subject to a medium degree of risk whilst at least maintaining the real value of investments. All investments held by Chapter adhere to the Church of England's ethical policy.

On 1st September 2010 the financial investments were pooled and split between the two investment managers, CCLA Investment Management Ltd and Brewin Dolphin Ltd, and have been accounted for on that basis since that date. Further detailed information can be found in note 8 on page 26.

Financial Investments Performance

Investment markets saw negative returns in 2018 but with continued volatility over the course of the year.

During 2018 there were net unrealised losses on Chapter investments of £88,314 and net realised gains on disposals of £2,922. Despite the fall in value, income was slightly higher in 2018 than the previous year with the total investment income amounting to £69,014 (2017 - £65,340).

Five-Year Plan

In conjunction with its regular review of the Cathedral's strategic priorities, the Chapter continues to assess, on a rolling basis each year, the action necessary to provide for the Cathedral community an appropriate and affordable programme over the next five years. A composite suite of assumptions, with forecast revenue and expenditure targets, together with a series of potential revenue generating and cost reduction measures, are now produced on an annual basis. The five-year plan agreed by the Chapter is formally reported to the Cathedral Council as part of their routine business.

Chapter plans to continue the renewal programme of the paths around the Churchyard during the next five years and complete any works identified by the Quinquennial Survey that took place during 2015.

The Friends of Southwell Cathedral provide a valuable source of funding towards many of the Minster's projects. Further details are provided in note 21a on page 32.

Summary of Key figures

A summary of the key figures for the past five years is provided below:

	2014	2015	2016	2017	2018
	£	£	£	£	£
Incoming resources					
Congregational collections & giving	144,837	147,147	137,768	151,568	180,506
Legacies	13,888	3,405	27,109	241,497	1,500
Grants	1,272,520	317,515	300,901	776,667	598,284
Minster Shop net profit	22,704	23,610	29,105	44,310	26,448
Resources expended					
Major repairs & restoration	84,275	94,514	83,166	571,984	320,115
Key ratios					
Income yield on investments & cash	6.7%	4.6%	4.1%	4.0%	3.9%

7. PLAN FOR FUTURE YEARS

Chapter is aware improvements need to be made to the financial performance and position of the Cathedral. A plan is being implemented to improve sustainable income sources and reduce costs where possible. A property was sold during 2017 which has generated a necessary injection of cash.

During 2019 our plans are to:

- Develop and deliver a strategic plan for mission and congregational growth
- Appoint and induct a new Canon Precentor
- Engage with growing numbers of visitors and pilgrims
- Assess property and business opportunities to grow income
- Make a successful delivery bid to the Heritage Lottery Fund ('Round Two') for the Leaves project following the successful development stage application
- Maximise the use of the Archbishop's Palace for events and revenue

8. RISK MANAGEMENT

The Chapter reviews the major risks to the Cathedral and its work on a regular basis. Systems and procedures are updated as necessary to mitigate risks where they are identified. To build on the work already undertaken by Chapter a new Audit and Risk Committee was established as a sub- committee, and chaired by Mr Richard Vigar. The Terms of Reference outlining the role and responsibilities of the Committee was developed and approved by Chapter.

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There are three areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

IT: System Failure & Security

- Backups are made on a regular basis
- Confidential information is password protected
- Passwords are changed on a regular basis

Large projects work such as Roof Repairs

- Ensure claims to the funders are submitted as soon as possible
- Negotiate a temporary bank overdraft to help with the cash flows during the projects
- Careful monitoring of the costs

Decrease in Income:

- Regular review of assets to ensure maximum possible returns
- Four yearly Promise Programme to encourage an increase in congregational giving
- Promote the Cathedral and its facilities/services

Safeguarding is a high priority for the Chapter. Chapter's appointed Safeguarding Co-Ordinator, Mrs Vicky Thorpe, has worked with the Diocesan Safeguarding Adviser team to deliver staff and Chapter training. Chapter has reviewed and updated the Cathedral's safeguarding policy in line with national and diocesan guidelines for good practice.

Signed on behalf of the Chapter

Nicola Sullivan

Nicola Sullivan
Dean
9 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL CATHEDRAL CHAPTER

Opinion

We have audited the financial statements of Southwell Cathedral Chapter (the 'parent entity') and its subsidiary (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the Cathedral balance sheet, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 parent entity's affairs as at 31 December 2018, and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Accounting and Reporting Regulations for English Anglican Cathedrals (February 2015) specified by the Church Commissioners under 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 and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent entity'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 Chapter are responsible for the other information. The other information comprises the information included in the Chapters' Annual Report, other than the financial statements and our auditor's report thereon. 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 the Accounting and Reporting Regulations for English Anglican Cathedrals (February 2015) specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the parent entity's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Chapter

As explained more fully in the Cathedral Chapter's responsibilities statement, the Chapter are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and parent entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent entity 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.

Use of our report

This report is made solely to the members of Chapter, as a body, in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals (February 2015) specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the members of 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 members of Chapter as a body, for our audit work, for this report, or for the opinions we have formed.

J E Marshall

Jane Marshall (Senior Statutory Auditor)

For and on behalf of
BHP LLP

2 Rutland Park
Sheffield
S10 2PD

1 May 2019

SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted General Fund £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	As restated Total Funds 2017 £
Income and Endowments from:	2						
(i) Donations and legacies		293,707	-	175,566	-	**469,273**	584,898
(ii) Grants in support of mission		-	-	598,284	-	**598,284**	776,667
(iii) Charges and fees arising in the course of mission		36,031	-	13,808	-	**49,839**	51,012
(iv) Trading and fundraising		294,361	-	-	-	**294,361**	257,788
(v) Investments		290,012	635	43,472	-	**334,119**	342,142
(vi) Other income		8,807	-	-	-	**8,807**	11,817
Total income		**922,918**	**635**	**831,130**	-	**1,754,683**	2,024,324
Expenditure on:	3						
(i) Raising funds		(464,527)	(60)	(79,097)	-	**(543,684)**	(471,920)
(ii) Ministry		(318,209)	-	(254,480)	-	**(572,689)**	(582,318)
(iii) Cathedral and precincts upkeep		(160,030)	-	(346,622)	-	**(506,652)**	(758,518)
(iv) Education and outreach		(34,225)	-	(76,344)	-	**(110,569)**	(131,548)
Total Expenditure		**(976,991)**	**(60)**	**(756,543)**	-	**(1,733,594)**	(1,944,304)
Net income/(expenditure) before investment gains/(losses)		**(54,073)**	**575**	**74,587**	-	**21,089**	80,020
Net gains/(losses) on investments	8	-	(645)	(21,907)	(62,840)	**(85,392)**	89,078
Net income (expenditure)		**(54,073)**	**(70)**	**52,680**	**(62,840)**	**(64,303)**	**169,098**
Other recognised gains/(losses)							
Investment property		-	-	-	9,943	**9,943**	16,556
Non investment property	9	-	-	-	-	-	-
		-	-	-	**9,943**	**9,943**	**16,556**
Gross transfers between funds	6	-	-	-	-	-	-
Net movement in funds		**(54,073)**	**(70)**	**52,680**	**(52,897)**	**(54,360)**	185,654
Total funds brought forward 1 January 2018		295,923	22,492	1,059,482	8,493,508	**9,871,405**	9,685,751
Total funds carried forward 31 December 2018		**241,850**	**22,422**	**1,112,162**	**8,440,611**	**9,817,045**	9,871,405

The notes on pages 22 to 33 form part of these accounts

SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	As restated Total Funds 2017 £
Fixed assets						
Investment assets						
Property	7	727,102	-	4,453,498	**5,180,600**	5,170,657
Investments	8	16,197	550,802	1,217,247	**1,784,246**	1,873,298
		743,299	550,802	5,670,745	**6,964,846**	7,043,955
Non investment assets						
Property	9	-	-	2,780,787	**2,780,787**	2,780,787
Equipment and plant	10	2,126	76,148	-	**78,274**	104,673
		2,126	76,148	2,780,787	**2,859,061**	2,885,460
Total fixed assets		**745,425**	**626,950**	**8,451,532**	**9,823,907**	9,929,415
Current assets						
Stocks	11	68,821	-	-	**68,821**	59,565
Debtors	12	55,134	71,721	-	**126,855**	35,952
Cash on deposit and at bank		(120,805)	445,624	(10,921)	**313,898**	339,278
		3,150	517,345	(10,921)	**509,574**	434,795
Liabilities due within one year						
Creditors	13	(92,511)	(32,133)	-	**(124,644)**	(79,919)
Net current assets/(liabilities)		**(89,361)**	**485,212**	**(10,921)**	**384,930**	354,876
Liabilities due after one year						
Creditors	14	(391,792)	-	-	**(391,792)**	(412,886)
Net assets		**264,272**	**1,112,162**	**8,440,611**	**9,817,045**	9,871,405
Funds	15					
General fund		241,850	-	439,892	**681,742**	735,815
Designated funds		6,165	-	-	**6,165**	5,590
Music designated funds		16,257	-	-	**16,257**	16,902
Fabric funds		-	292,821	363,248	**656,069**	678,776
Chapter fund		-	-	7,026,050	**7,026,050**	7,041,501
Music funds		-	175,228	405,992	**581,220**	618,970
Education fund		-	33,094	-	**33,094**	33,094
Library fund		-	65,150	-	**65,150**	66,949
Great Hall		-	47,396	-	**47,396**	39,012
NLHF* Archbishop's Palace		-	-	-	**-**	13,725
The Leaves Project (Match Funding)		-	107,727	-	**107,727**	32,780
NLHF* The Leaves Project		-	(22,763)	-	**(22,763)**	-
Quire Aisle roof project		-	11,417	-	**11,417**	(19,201)
Other funds		-	402,092	205,429	**607,521**	607,492
		264,272	**1,112,162**	**8,440,611**	**9,817,045**	9,871,405

* NLHF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

Approved on the 9th April 2019 and signed on behalf of Chapter

Nicola Sullivan Dean

Tim Richmond

The notes on pages 22 to 33 form part of these accounts

SOUTHWELL CATHEDRAL CHAPTER
CATHEDRAL BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	As restated Total Funds 2017 £
Fixed assets						
Investment assets						
Property	7	727,102	-	4,453,498	**5,180,600**	5,170,657
Investments	8	16,197	550,802	1,217,247	**1,784,246**	1,873,298
		743,299	550,802	5,670,745	**6,964,846**	7,043,955
Non investment assets						
Property	9	-	-	2,780,787	**2,780,787**	2,780,787
Equipment and plant	10	2,126	76,148	-	**78,274**	104,673
		2,126	76,148	2,780,787	**2,859,061**	2,885,460
Total fixed assets		**745,425**	**626,950**	**8,451,532**	**9,823,907**	9,929,415
Current assets						
Stocks	11	-	-	-	-	-
Debtors	12	148,330	71,721	-	**220,051**	133,024
Cash on deposit and at bank		(159,091)	445,624	(10,921)	**275,612**	298,609
		(10,761)	517,345	(10,921)	**495,663**	431,633
Liabilities due within one year						
Creditors	13	(78,600)	(32,133)	-	**(110,733)**	(76,757)
Net current assets		**(89,361)**	**485,212**	**(10,921)**	**384,930**	354,876
Liabilities due after one year						
Creditors	14	(391,792)	-	-	**(391,792)**	(412,886)
Net assets		**264,272**	**1,112,162**	**8,440,611**	**9,817,045**	9,871,405
Funds	15					
General fund		241,850	-	439,892	**681,742**	735,815
Designated funds		6,165	-	-	**6,165**	5,590
Music designated funds		16,257	-	-	**16,257**	16,902
Fabric funds		-	292,821	363,248	**656,069**	678,776
Chapter fund		-	-	7,026,050	**7,026,050**	7,041,501
Music funds		-	175,228	405,992	**581,220**	618,970
Education fund		-	33,094	-	**33,094**	33,094
Library fund		-	65,150	-	**65,150**	66,949
Great Hall		-	47,396	-	**47,396**	39,012
NLHF* Archbishop's Palace		-	-	-	-	13,725
The Leaves Project (Match Funding)		-	107,727	-	**107,727**	32,780
NLHF* The Leaves Project		-	(22,763)	-	**(22,763)**	-
Quire Aisle roof project		-	11,417	-	**11,417**	(19,201)
Other funds		-	402,092	205,429	**607,521**	607,492
		264,272	**1,112,162**	**8,440,611**	**9,817,045**	9,871,405

* NLHF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

Approved on the 9th April 2019 and signed on behalf of Chapter

Nicola Sullivan Dean

Tim Richmond

The notes on pages 22 to 33 form part of these accounts

SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of cash flows

		2018		2017
	£	£	£	£
Cash flows from operating activities:				
Net cash flow from operating activities		(147,546)		(8,270)
Cash flows from investing activities:				
Rents received net of costs	81,150		63,125	
Interest and dividends received net of costs	61,942		58,182	
Purchases of investments	(224,966)		(194,748)	
Sales of investments	232,795		159,014	
Additions to investment property	-		(25,657)	
Additions to non investment property	-		-	
Proceeds from sale of investment property	-		306,556	
Purchases of equipment and plant	(4,228)		-	
Net cash provided by/(used in) investing activities		146,693		366,472
Cash flows from financing activities:				
Repayments of borrowing	(20,358)		(21,135)	
Cash inflows from new borrowing	-		-	
Net cash provided by/(used in) financing activities		(20,358)		(21,135)
Change in cash and cash equivelants in the reporting period		(21,211)		337,067
Cash and cash equivelants at the beginning of the reporting period		367,525		30,458
Cash and cash equivelants at the end of the reporting period		**346,314**		**367,525**

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	21,089	80,020
Adjusted for:		
Depreciation charges	30,627	30,943
Loss on sale of equipment and plant	-	-
Income from property and investments	(334,119)	(342,142)
Investment property costs, rental collection fees and investment management costs	191,027	220,835
(Increase) /decrease in stock	(9,256)	(10,306)
(Increase) /decrease in debtors	(90,903)	20,822
Increase/ (decrease) in creditors	43,989	(8,442)
Net cash provided by / (used in) operating activities	(147,546)	(8,270)

Analysis of cash and cash equivalants

	2018	2017
Cash in hand	313,898	339,278
Investments - short term deposits	32,416	28,247
Investments - cash held for investment	-	-
	346,314	**367,525**

1 ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been drawn up in accordance with the February 2015 guidelines on accounting and reporting by English Anglican Cathedrals as specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999.

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets that are shown at market value.

There are no significant areas of adjustment or key assumptions that affect items in the accounts.

b. Basis of Consolidation

The consolidated financial statements comprise those of the Cathedral, of its wholly-owned subsidiary company Southwell Cathedral Chapter Trading Ltd and Church Street Land Trust, of which the Chapter is the sole trustee. The Cathedral acquired the whole share capital of Southwell Cathedral Chapter Trading Ltd consisting of 100 £1 shares, which were purchased at face value on 8 December 2016. On 1 January 2017 the Cathedral shop trade transferred from the Cathedral Chapter to the trading subsidiary. The turnover and expenditure of the subsidiary are included in the Statement of Financial Activities and the assets and liabilities of the subsidiary are included on a line-by-line basis in the Consolidated Balance Sheet. The Church Street Land Trust solely consists of the heritage asset disclosed in note 9.

c. Fund Accounting

Fund balances are split between general, designated, restricted and endowment funds.
Undesignated general funds are freely available for any purpose within the Cathedral's objects, at the discretion of the Chapter.
Designated funds are those funds set aside out of general funds by the Chapter for a specific purpose over whose use and purpose the Chapter has discretion.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Endowment funds are those held on trust to be retained for the benefit of the Cathedral Chapter as capital funds and are classified as permanent endowment. In the case of the General Endowment fund administered by the Chapter there are discretionary powers to convert a small part of the capital into income.

d. Income

All income is recognised once Chapter has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably

e. Donations and legacies

Collections, giving, legacies and other income are credited on the date on which they are receivable.

f. Charges and fees

Charges in the course of mission and activities for generating funds are recognised as and when the related goods or services are provided.

g. Grants

Grants towards specific repair restoration expenditure are shown as restricted income and credited on the date on which it is receivable.
Grant funding secured for future funding will be recognised when received where the organisation has evidence of entitlement over the grant income.

h. Investment income

All investment income is credited on the date on which it is receivable.

i. Property income

Property income is credited on the date on which it is receivable.

j. Property

Investment property

Investment property includes any interest in land and/or buildings which is held primarily for the purpose of producing an income, any rental income being negotiated at arm's length. It does not include any land acquired primarily with a view to resale at a profit, or property which is owned and mainly occupied for carrying out the cathedral's purposes.
Investment properties are included at open market value and not depreciated, in accordance with FRS102.

j. **Property (continued)**

Non-investment property

Non-investment properties are those properties used for Cathedral purposes and are valued at historic cost.

No provision for depreciation is provided in respect of freehold houses. Impairment reviews are carried out annually. Each house is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

The Cathedral is an inalienable asset and forms part of the permanent endowment. It is not valued in the balance sheet as no reliable cost information is available and conventional valuation approaches lack sufficient reliability. Items in the Cathedral inventory are similarly excluded from the financial statements.

k. **Fixed assets**

Fixed assets with a cost less than £2,000 are written off in the year of acquisition. All other fixed assets (excluding property) are capitalised and depreciated on a straight line basis over their estimated useful lives as follows:

Equipment and plant:

Telephone system	5 years
Staging	5 years
Audio tour equipment	5 years
Video projection screen	8 years
Display boards and units	8 years
Heating system	8 years
Latchways system	20 years

l. **Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

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

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

m. **Gains and losses**

All gains and losses are taken to the Statement of Financial Activities. Realised gains and losses on investments are calculated as the difference between sale 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.

n. **Stock**

The shop stock is valued at the lower of cost and net realisable value after allowance for obsolete and slow moving items.

o. **Pensions**

Southwell Cathedral Chapter participates in the Church of England Funded Pension Scheme and meets the costs of three members of the scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pension Scheme is a defined benefit scheme but Southwell Cathedral Chapter is unable to identify its share of the underlying assets and liabilities and therefore accounts for pension costs on the basis of contributions actually payable to the scheme in the year.

The Cathedral has not entered into any agreement with the Church of England Funded Pension Scheme to repay contributions towards the scheme deficit and therefore no present value liability has been recognised in these accounts.

The Cathedral operates a Group Stakeholder Pension Scheme with AVIVA for lay staff. The scheme meets the requirements of a qualifying workplace pension scheme for automatic enrolment. It is a defined contribution scheme, the assets of which are held separately from the Cathedral. Pension costs are recognised in the period they are incurred.

p. 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 activity headings:

- Raising funds
- Ministry
- Cathedral and precincts upkeep
- Education and outreach

q. Repairs, restoration and maintenance of the Cathedral

Expenditure on Cathedral repairs is charged in the Statement of Financial Activities as it is incurred. The costs of routine maintenance and work on the major repair programme are identified separately in the notes to the accounts.

r. Governance costs

These are costs associated with the governance infrastructure which allows the cathedral to operate. These include such expenditure as external audit, legal advice and the cost of constitutional and statutory requirements.

s. Support costs

Support costs are those costs which in themselves do not contribute directly to mission or generate funds and are necessary for those activities to take place. They will include office staff costs, office equipment, information technology, training and general office costs. These costs are allocated to departments on the basis of head count. For 2018 these were as follows:

Department	F.T.E.* No.	Percentage %
Costs of Generating Funds	3.94	20.1
Ministry	8.58	43.9
Cathedrals & Precincts	5.35	27.3
Education & Outreach	1.70	8.7
	19.57	100
Administration	4.03	
Total F.T.E. employees	23.60	

*F.T.E. - Full Time Equivalent

t. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand.

u. Taxation

The Chapter is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

v. Heritage assets

Chapter is a trustee of a heritage asset, being a piece of land which it is to retain in perpetuity for the public benefit for the sole purpose of conservation of archaeological and historical heritage and the advancement of education in the conservation of archaeological and historic heritage.

Where heritage assets are donated, the trustees consider that in the absence of reliable cost information, the expense of determining a reliable valuation of these artefacts is onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets. Heritage assets which are gifted are therefore excluded from the balance sheet in accordance with paragraph 18.15 of the SORP.

w. Related parties

The Cathedral is the parent entity of Southwell Cathedral Chapter Trading Limited, a limited company that carries of trading activities for the benefit of Southwell Cathedral Chapter. During the year The Cathedral purchased items in relation to its mission and ministry from Southwell Cathedral Chapter Trading Limited which totalled £1,996 (2017 - £1,006) and owed £108 (2017 - £62) at the year end.

The Friends of Southwell Cathedral, The Chimes Trust, the Simmons Charity Minster Repair Fund and The Southwell Minster Choir Association, although associated entities, are not controlled by Chapter. There results are not included in the consolidated financial statements but a summary of their accounts is shown in note 21.

2 INCOME AND ENDOWMENTS FROM:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
(i) Donations and legacies					
Congregational collections and giving	180,506	-	-	**180,506**	151,568
Donations	80,372	54,918	-	**135,290**	105,264
Income from appeals and fund raising	-	112,420	-	**112,420**	48,605
Tax recoverable under Gift Aid	31,329	6,723	-	**38,052**	35,424
Income from Friends and local trusts	-	1,505	-	**1,505**	2,540
Legacies	1,500	-	-	**1,500**	241,497
	293,707	175,566	-	**469,273**	584,898
(ii) Grants in support of mission					
Church Commissioners	-	288,803	-	**288,803**	261,034
Other revenue and capital grants	-	309,481	-	**309,481**	515,633
	-	598,284	-	**598,284**	776,667
(iii) Charges and fees arising in the course of mission					
Facility and other fees	36,031	13,808	-	**49,839**	51,012
(iv) Trading and fundraising					
Charges to visitors	38,356	-	-	**38,356**	26,746
Gross income of shop, refectory and other activities	256,005	-	-	**256,005**	231,042
	294,361	-	-	**294,361**	257,788
(v) Investments					
Property	265,105	-	-	**265,105**	276,802
Investments	25,542	43,472	-	**69,014**	65,340
	290,647	43,472	-	**334,119**	342,142
(vi) Other income					
Interest receivable on short term deposits	418	-	-	**418**	31
Other items	8,389	-	-	**8,389**	11,786
	8,807		-	**8,807**	11,817
Total incoming resources	**923,553**	**831,130**	-	**1,754,683**	2,024,324

3 EXPENDITURE ON:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
(i) Raising funds					
Costs of services directly recoverable	31,288	-	-	**31,288**	12,130
Gross costs of shop, refectory and other activities	196,709	-	-	**196,709**	157,446
General marketing costs	59,154	21,665	-	**80,819**	37,109
Investment property costs	164,848	38,617	-	**203,465**	232,496
Support costs	12,588	18,815	-	**31,403**	32,739
	464,587	79,097	-	**543,684**	471,920

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
(ii) Ministry					
Clergy stipends and working expenses	7,543	123,095	-	**130,638**	143,611
Clergy housing costs	56,156	-	-	**56,156**	43,711
Clergy support costs	4,365	40,465	-	**44,830**	43,666
Services, music and congregational costs	222,730	49,944	-	**272,674**	262,083
Support costs	27,415	40,976	-	**68,391**	89,247
	318,209	254,480	-	**572,689**	582,318
(iii) Cathedral and precincts upkeep					
Major repairs and restoration	-	320,115	-	**320,115**	571,984
Maintenance and interior upkeep	99,769	-	-	**99,769**	86,510
Cathedral insurance	35,695	-	-	**35,695**	33,461
Precincts, security and gardens upkeep	7,469	953	-	**8,422**	18,254
Support costs	17,097	25,554	-	**42,651**	48,309
	160,030	346,622	-	**506,652**	758,518
(iv) Education and outreach					
Educational activities	7,214	65,592	-	**72,806**	83,596
Archives and library	3,090	1,523	-	**4,613**	3,416
Charitable and other giving	18,487	1,107	-	**19,594**	26,784
Support costs	5,434	8,122	-	**13,556**	17,752
	34,225	76,344	-	**110,569**	131,548
Total expenditure	**977,051**	**756,543**	-	**1,733,594**	1,944,304

4 TOTAL EXPENDITURE ALLOCATIONS

	Direct costs 2018	Support costs 2018	Total 2018	Direct costs 2017	Support costs 2017	Total 2017
	£	£	£	£	£	£
Costs of generating funds	**512,281**	**31,403**	**543,684**	439,181	32,739	471,920
Ministry	**504,298**	**68,391**	**572,689**	493,071	89,247	582,318
Cathedral and precincts upkeep	**464,001**	**42,651**	**506,652**	710,209	48,309	758,518
Education and outreach	**97,013**	**13,556**	**110,569**	113,796	17,752	131,548
	1,577,593	**156,001**	**1,733,594**	1,756,257	188,047	1,944,304

5 VAT

Any irrecoverable VAT has been included in the expenditure which gave rise to it. The total amount of irrecoverable VAT for 2018 was £57,503 (2017 - £78,465)

6 TRANSFERS

There were no transfers between funds during 2018.

7 INVESTMENT PROPERTY

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
At valuation 1 January	727,102	-	4,443,555	**5,170,657**	5,435,000
Additions	-	-	-	-	25,657
Disposals	-	-	-	-	(290,000)
Net increase on revaluation	-	-	9,943	**9,943**	-
At valuation 31 December	727,102	-	4,453,498	**5,180,600**	5,170,657

All investment properties are freehold. The Endowment figures above included land currently valued at £90,000 (2017 - £90,000). The valuation of non-residential properties is carried out by Owen Mathias who is a member of the Finance & Investment Committee and the valuation of residential properties is carried by various agents as required. Owen Mathias is a qualified Chartered Surveyor with knowledge of the local property market. All investment properties are fully assessed every five years in line with the Cathedrals Regulations and this was last completed for these December 2018 year end accounts.

During 2016 Trebeck Hall was transferred from a non-investment property to an investment property due to the changing nature of its use.

Return on investment property	2018		2017	
	£	£	£	£
Rents receivable		**256,771**		268,935
Service charge income		**8,334**		7,867
		265,105		276,802
Repairs and maintenance	**(78,517)**		(66,431)	
Other property running costs	**(94,296)**		(120,760)	
Professional fees	**(1,200)**		(16,698)	
		(174,013)		(203,889)
Loan interest (see note 14 on page 29)		**(12,438)**		(11,661)
Total return on investment property		**78,654**		61,252
Heritage Lottery Fund Project expenditure		**(9,942)**		(9,788)
Net incoming on investment properties		**68,712**		51,464

8 INVESTMENTS

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
Investments at market value 1 January	16,275	544,052	1,284,724	**1,845,051**	1,720,239
Additions	1,537	60,573	162,856	**224,966**	194,748
Proceeds from disposals	(1,237)	(40,694)	(190,864)	**(232,795)**	(159,014)
Net increase/(decrease) on disposals and revaluation	(645)	(21,907)	(62,840)	**(85,392)**	89,078
Investments at market value 31 December	15,930	542,024	1,193,876	**1,751,830**	1,845,051
Short term deposits	267	8,778	23,371	**32,416**	28,247
	16,197	**550,802**	**1,217,247**	**1,784,246**	1,873,298

Investments by type	Equities	Fixed Interest	Variable Interest	Total
	£	£	£	£
Investments at market value 1 January	610,808	40,348	1,222,142	1,873,298
Investments at market value 31 December	**510,211**	**91,908**	**1,182,127**	**1,784,246**

9 NON INVESTMENT PROPERTY

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
At cost 1 January	-	-	2,780,787	2,780,787	2,780,787
Additions	-	-	-	-	-
Transfer use of Property	-	-	-	-	-
At cost 31 December	-	-	2,780,787	2,780,787	2,780,787

No depreciation has been charged on the freehold or long leasehold properties.

Non investment properties are held as follows:

	Freehold	Leasehold >50 years	Leasehold <50 years	Total 2018	Total 2017
	£	£	£	£	£
At 1 January					
For cathedral trading activities	384,182	-	-	384,182	384,182
For cathedral clergy and staff housing	2,396,605	-	-	2,396,605	2,396,605
	2,780,787	-	-	2,780,787	2,780,787
At 31 December					
For cathedral trading activities	384,182	-	-	384,182	384,182
For cathedral clergy and staff housing	2,396,605	-	-	2,396,605	2,396,605
	2,780,787	-	-	2,780,787	2,780,787

Impairment reviews are carried out annually by the Finance & Investment committee members, assisted by Owen Mathias who is a member of the committee. It was agreed that no significant adjustment is necessary for the accounts as at 31 December 2018.

Church Street Land – Heritage asset
During 2015, Chapter became the trustee of a property trust which holds a piece of land that is the site of Roman ruins. Chapter is to retain the land in perpetuity for the public benefit, principally for the advancement of education in conservation of archaeological and historic heritage.
The asset has not been included on the balance sheet as the purchased cost of the land has no relevance as its primary purpose is for archaeological and historical study, and its value would differ dependent on the user. The site is unique and therefore there is no readily available market value, and trustees consider that in the absence of reliable cost information, the expense of determining a reliable valuation of this site is onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the asset.

10 EQUIPMENT AND PLANT

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
Cost	117,517	263,871	-	381,388	381,388
Depreciation	(117,517)	(159,198)	-	(276,715)	(245,772)
Net book value at 1 January	-	104,673	-	104,673	135,616
Additions	2,126	2,102	-	4,228	-
Disposals	-	-		-	-
Depreciation on disposals	-	-	-	-	-
Depreciation for year	-	(30,627)	-	(30,627)	(30,943)
Net book value at 31 December	2,126	76,148	-	78,274	104,673
Cost	119,643	265,973	-	385,616	381,388
Depreciation	(117,517)	(189,825)	-	(307,342)	(276,715)
Net book value at 31 December	2,126	76,148	-	78,274	104,673

11 STOCKS

Goods for resale	68,821	-	-	68,821	59,565

Stock relates solely to trading stock held in Southwell Cathedral Chapter Trading Ltd.

12 DEBTORS

Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
Trade debtors	6,707	-	-	6,707	6,328
Other debtors	40,768	69,654	-	110,422	18,977
Prepayments and accrued income	7,659	2,067	-	9,726	10,647
	55,134	71,721	-	126,855	35,952

12 DEBTORS (Continued)

Cathedral

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
Trade debtors	4,970	-	-	**4,970**	4,605
Amount due from subsidiary undertaking	94,933	-	-	**94,933**	98,795
Other debtors	40,768	69,654	-	**110,422**	18,977
Prepayments and accrued income	7,659	2,067	-	**9,726**	10,647
	148,330	**71,721**	-	**220,051**	133,024

13 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

Group

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£	£
Bank loan (see note 14)	22,537	-	-	**22,537**	21,801
Trade creditors	9,628	-	-	**9,628**	4,390
Other creditors	47,646	26,049	-	**73,695**	38,537
Accruals and deferred income	12,700	6,084	-	**18,784**	15,191
	92,511	**32,133**	-	**124,644**	79,919

Cathedral

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016
	£	£	£	£	£
Bank loan (see note 14)	22,537	-	-	**22,537**	21,801
Trade creditors	1,461	-	-	**1,461**	1,228
Other creditors	41,902	26,049	-	**67,951**	38,537
Accruals and deferred income	12,700	6,084	-	**18,784**	15,191
	78,600	**32,133**	-	**110,733**	76,757

14 CREDITORS - AMOUNTS DUE BEYOND ONE YEAR

Cathedral and Group

The £391,792 (2017 - £412,886) creditor due after more than one year is the proportion of the total loan balance of £414,329 that is not payable in 2019. This is a repayment bank loan from National Westminster Bank plc which is payable over twenty years from September 2014. The loan is secured against Bishop's Manor. The rate of interest is 2.35% per annum above the Bank's Base Rate and will be reviewed after five years.

An analysis of the amounts falling due is below:

* in one year or less (under current liabilities)	22,537
* between one and two years	23,116
* between two and five years	72,973
* in five years or more	295,703

15 FUNDS

Movement in Consolidated Funds

	As at 1st January 2018	Funds Introduced	Incoming Resources	Resources Expended	Losses	Transfers	As at 31st December 2018
	£	£	£	£	£	£	£
a. Endowment Funds							
General	439,892	-	-	-	-	-	**439,892**
Fabric	380,537	-	-	-	(17,289)	-	**363,248**
Chapter Fund	7,041,501	-	-	-	(15,451)	-	**7,026,050**
Music	424,439	-	-	-	(18,447)	-	**405,992**
Other	207,139	-	-	-	(1,710)	-	**205,429**
	8,493,508	-	-	-	**(52,897)**	-	**8,440,611**

General - includes the realised gains on property and investments. The fund also includes a small transfer of funds from the Cathedral Council prior to 1985.
Fabric - established by constitution and statutes from 1967 to provide an income solely for the repair and maintenance of the fabric of the Cathedral Church, but without prejudice to payments being made for these purposes from other funds.
Chapter Fund - funds arising from the sale of property and investments prior to the combination of accounts for the Cathedral Chapter and Cathedral Council in the 1970's.
Music - includes capital grants from the Friends of the Cathedral Music and funds from a Capital & Projects funding campaign for a music foundation.
Other - other capital grants including the Summers Bequest used for various specific purposes.

15 FUNDS (Continued)

	As at 1st January 2018	Incoming Resources	Resources Expended	Gains	Transfers	As at 31st December 2018
	£	£	£	£	£	£
b. Restricted Funds						
Fabric	298,239	26,521	(21,632)	(10,307)	-	**292,821**
Music	194,531	13,994	(26,994)	(6,303)	-	**175,228**
Education	33,094	-	-	-	-	**33,094**
Library	66,949	2,517	(1,762)	(2,554)	-	**65,150**
Great Hall	39,012	1,282	(22,993)	-	30,095	**47,396**
NHLF* - Archbishop's Palace Project	13,725	47,945	(31,575)	-	(30,095)	**-**
The Leaves Project (Match Funding)	32,780	117,869	(42,922)	-	-	**107,727**
NHLF* - The Leaves of Southwell Project	-	140,499	(163,262)	-	-	**(22,763)**
Quire Aisle roof project	(19,201)	116,522	(85,904)	-	-	**11,417**
Other	400,353	363,981	(359,499)	(2,743)	-	**402,092**
	1,059,482	**831,130**	**(756,543)**	**(21,907)**	**-**	**1,112,162**

* NLHF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

Fabric - funds from restricted donations and income from the fabric endowment fund.
Music - funds from restricted donations and income from the music endowment fund.
Education - residue of donations and grants to fund the Education Centre.
Library - funds from the sale of library items.
Great Hall - funds from restricted donations towards the Heritage Lottery Funded project.
Heritage Lottery Fund (now National Lottery, Heritage Fund) Archbishop's Palace Project - A development grant of £155,500 was awarded during 2011. Following which, an implementation grant of £1,266,858 was awarded for the project in 2013 for costs over a five year period. The final £47,945 was received in 2018.
The Leaves Project (Match Funding) - funds from restricted donations towards The Leaves of Southwell Project.
National Lottery, Heritage Fund, The Leaves of Southwell Project - A development grant of £299,700 was awarded during 2017 and the first £71,636 of this was received in 2018. The balance of which, including the £68,863 requested in 2018 and received in 2019, will be received during 2019. The £22,763 deficit relates to income that is not yet entitled to be received until post year end.
Quire Aisle roof project - In 2016 The Cathedral was awarded two grants totalling £586,000 from the First World War Centenary Cathedral Repairs Fund to re-roof the North and South Quire Aisles. The £11,417 balance as at 31 December 2018 is for the final retention payment on the building works due to be paid in 2019.
Other - other incoming donations restricted for specific purposes including Time Travelling.

	As at 1st January 2018	Incoming Resources	Resources Expended	Losses	Transfers	As at 31st December 2018
	£	£	£	£	£	£
c. Designated Funds						
Designated	5,590	635	(60)	-	-	**6,165**
Music (Metcalfe bursary)	16,902	-	-	(645)	-	**16,257**
	22,492	**635**	**(60)**	**(645)**	**-**	**22,422**

Designated - general donations which the Dean and Chapter have earmarked for specific purposes.
Music (Metcalfe bursary) - a bequest designated by the Cathedral Council for chorister bursaries.

16 EMPLOYEES

	2018	2017
Staff numbers	**No.**	No.
Average number of paid employees working for the cathedral during the year (including clergy paid by the Church Commissioners):		
Full time	**12.5**	12.0
Full time equivalent of part time staff	**11.1**	11.1
Total	**23.6**	23.1
The average number of employees during the year	**31.0**	31.0
Staff costs	**£**	£
Salaries and stipends	**545,151**	516,449
Employers national insurance	**41,762**	38,672
Employers apprenticeship levy	**353**	330
Employers pension contributions	**69,528**	72,728
Total	**656,794**	628,179

No employee or member of the Cathedral clergy received emoluments in excess of £60,000 in either year.

17 REMUNERATION OF MEMBERS OF THE CHAPTER

	Stipend / salary	Apprenticeship levy	Employers NI	Pension	**Total 2018**	Total 2017
Clerical Members	£	£	£	£	**£**	£
The Very Revd Nicola Sullivan	36,033	144	2,911	11,825	**50,913**	50,630
The Rev Canon Nigel Coates	28,234	135	2,575	9,461	**40,405**	39,839
The Rev Canon Jacqui Jones (to 11/7/18)	15,697	74	1,427	4,996	**22,194**	41,289
Financed by Church Commissioners	79,964	353	6,913	26,282	**113,512**	131,758

The remuneration and pension provision for the clerical members are paid by the Church Commissioners and Cathedral Chapter in accordance with scales laid down annually by themselves, the Archbishops' Council and the Church of England Pensions Board.
Clerical members disclosed above are housed by Cathedral Chapter. In addition Revd Matthew Askey, an employee of The Southwell Minster School, is provided housing only by Cathedral Chapter.

	2018	2017
Total expenses reimbursed to 3 clerical members of Chapter for travel, hospitality and stationery	**£8,955**	£7,360

18 AUDITOR'S REMUNERATION

	2018	2017
Audit fee (including VAT)	**£7,254**	£6,891
Other services (including VAT)	**£2,400**	£7,800

19 OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Within one year	**2,148**	3,140
Between two and five years	**5,906**	8,053
	8,054	11,193

20 PRIOR YEAR COMPARATIVE SOFA

	Unrestricted General Fund	**Designated Funds**	**Restricted Funds**	**Endowment Funds**	**Total Funds 2017**
	£		**£**	**£**	**£**
Income and Endowments from:					
(i) Donations and legacies	503,149	-	81,749	-	584,898
(ii) Grants in support of mission	-	-	776,667	-	776,667
(iii) Charges and fees arising in the course of mission	38,628	-	12,384	-	51,012
(iv) Trading and fundraising	257,788	-	-	-	257,788
(v) Investments	301,418	635	40,089	-	342,142
(vi) Other income	11,817	-		-	11,817
Total Income	**1,112,800**	**635**	**910,889**	-	**2,024,324**
Expenditure on:					
(i) Raising funds	(423,837)	(63)	(48,020)	-	(471,920)
(ii) Ministry	(325,522)	-	(256,796)	-	(582,318)
(iii) Cathedral and precincts upkeep	(162,854)	-	(595,664)	-	(758,518)
(iv) Education and outreach	(63,399)	-	(68,149)	-	(131,548)
Total Expenditure	**(975,612)**	**(63)**	**(968,629)**	-	**(1,944,304)**
Net income/(expenditure) before investment gains	**137,188**	**572**	**(57,740)**	-	**80,020**
Net gains/(losses) on investments	-	863	27,591	60,624	89,078
Net income/(expenditure)	**137,188**	**1,435**	**(30,149)**	**60,624**	**169,098**
Other recognised gains /(losses)					
Investment property	16,556	-	-	-	16,556
Non investment property	-	-	-	-	-
	16,556.00	-	-		**16,556**
Gross transfers between funds	-	-	-	-	-
Net movement in funds	**153,744**	**1,435**	**(30,149)**	**60,624**	**185,654**
Total funds brought forward 1 January 2017	142,179	21,057	1,089,631	8,432,884	9,685,751
Total funds carried forward 31 December 2017	**295,923**	**22,492**	**1,059,482**	**8,493,508**	**9,871,405**

Following the update to the Cathedral Accounting & Reporting Regulations which took effect from the 1st of January 2015, governance costs are no longer shown as a separate item on the Statement of Financial Activities, and are now shown within Support Costs which are allocated across departments on the basis of head count.

21 CONNECTED ENTITIES

The following entities operate wholly for the benefit of the Cathedral's ministry but are not controlled by Chapter and therefore are not consolidated in the accounts of the Cathedral. Any payments made to the Cathedral or for its benefit are at the discretion of the trustees of the entities.

a *The Friends of Southwell Cathedral (Registered Charity no. 1039131)*

"The Friends" have a separate constitution with the objects of promoting the restoration, maintenance, repair and improvement of the fabric, ornaments, vestments, fittings, furniture and furnishings of the Cathedral, to maintain its public worship and music, and to further other charitable purposes relating to the Cathedral.

Members of the Council of The Friends include the Bishop of Southwell, the Dean of Southwell and a member appointed by each of the College of Canons and the Cathedral Chapter.

The accounts of The Friends have been independently examined and the report was unqualified.

	31.12.18	31.12.17
	£	£
Amount paid or payable to the Cathedral	***35,453***	*8,018*
Total incoming resources	**37,662**	34,185
Net incoming(outgoing) resources	**(13,899)**	17,982
Gains / (losses) on investments	**(43,610)**	31,203
Gross assets	**632,181**	684,950
Net assets	**624,176**	681,685

b *The Chimes Trust (Registered Charity no. 241545)*

The Chimes Trust dates from a settlement made in 1822. The purposes of the Trust is to maintain and repair the Chimes and fabric of the Cathedral. The Trustees include the Dean of Southwell.

The accounts of the Trust have been independently examined and the report was unqualified.

	5.4.18	5.4.17
	£	£
Amount paid or payable to the Cathedral	***1,784***	*12,314*
Total incoming resources	**22,348**	22,733
Net incoming resources	**51,825**	20,785
Gains / (losses) on investments	**(53,349)**	63,236
Gross assets	**729,936**	731,451
Net assets	**657,411**	658,935

c *Simmons Charity Minster Repair Fund*

The Simmons Charity Minster Repair Fund was created by a Trust Deed in 1966 for the purpose of repairs to the Cathedral's fabric. The Dean of Southwell is one of the two Trustees.

	31.12.18	31.12.17
	£	£
Amount paid or payable to the Cathedral	***3,063***	*3,314*
Total incoming resources	**9,581**	10,073
Net incoming resources	**3,744**	4,051
Gains on investments	**7,740**	23,375
Gross assets	**249,817**	238,584
Net assets	**246,754**	235,270

d *The Southwell Minster Choir Association (Registered Charity no. 1000584)*

The Southwell Minster Choir Association promotes the study and practice of choral music, particularly church music, and the development of the Southwell Minster Choir.

The accounts of the Association have been independently examined and the report was unqualified.

	31.3.18	31.3.17
	£	£
Amount paid or payable to the Cathedral	***3,846***	*595*
Total incoming resources	**25,242**	23,308
Net incoming resources	**6,728**	(5,005)
Gains on investments	**1,155**	1,320
Gross assets	**38,994**	32,451
Net assets	**38,994**	32,451

22 PRIOR YEAR ADJUSTMENTS

Historic income received and held as an investment in a trust account on behalf of Southwell Cathedral Chapter has not previously been recognised in the accounts.

The impact of the adjustment required on the opening balances of the prior year is to increase the investments held on the balance sheet by £239,286 and increase reserves to account for the income that has not previously been recognised.

Treebck Hall was not correctly revalued when it was transferred from being held as a non investment property to an investment property in 2016. The impact of the adjustment required on the opening balances of the prior year is to increase the investment property value on the balance sheet by £183,060 and increase the reserves to account for the revaluation uplift that had not been previously recognised.

	2017 Total £
Reserves	9,449,059
Prior year adjustment re investment held in trust account on behalf of The Chapter	239,286
Prior year adjustment re the revaluation of Trebeck Hall (£225,000 - £41,940)	183,060
Restated Reserves	**9,871,405**