

ROCHESTER CATHEDRAL

Nurturing the radical hope
of human flourishing
in Jesus Christ



ANNUAL REPORT
Statutory Accounts – Part 2
2013

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: Cathedral Church of Christ and the Blessed Virgin Mary
Name commonly used: Rochester Cathedral

1.2 Chapter Office

Garth House
The Precinct
Rochester
ME1 1SX
Telephone: 01634 843366
Email: administrator@rochestercathedral.org

1.3 Chapter

Members of Chapter during the period to 31 December 2013 were as follows:

Dean: The Very Revd Dr Mark Beach - 2012
Canon Pastor: The Revd Dr Canon Philip Hesketh (Commissioners' Canon) – 2005
Canon Precentor: The Revd Canon Neil Thompson (Commissioners' Canon) - 2008
Canon Missioner: The Revd Canon Jean Kerr (20% Cathedral and 80% Diocese) - 2005
Archdeacon of Rochester The Ven Simon Burton-Jones (20% Cathedral and 80% Diocese) - 2010
Bishop's Appointee: Dr Jane Broadbent – 2008 until 2012 (Nov)
Bishop's Appointee: Canon Paul Hudson - 2010
Bishop's Appointee: Canon Andrew Gray – 2013 (from Apr)
Bishop's Appointee: Canon Barbara Lloyd – 2013 (from Nov)

1.4 Other key appointments

Chapter Clerk – Executive Director

Appointed 2013 Mrs Gilly Wilford

Director of Music

Appointed 2008 Mr Scott Farrell

Surveyor to the fabric

Appointed 2000 Mr Ian Stewart
Messrs Carden & Godfrey
33 Clerkenwell Close, London EC1R 0AU

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 - 2012
Mr John Sands – 2008
Mr Andrew Webster – 2010

Internal members The Very Revd Dr Mark Beach
The Revd Dr Canon Philip Hesketh
Canon Paul Hudson
Mrs Gilly Wilford
Mr Rob Trice

1.6 Fabric Advisory Committee

Appointed by CFCE Julian Limentani (Chair)
Dr Nicola Coldstream
Mr Allan Brodie
Mr David Baker

Appointed by Chapter Mrs Annaliese Arnold
Mrs Heather Newton
Mrs Marie-Louise Sauerberg
Mrs Margaret Davies

Secretary Mrs Sue Malthouse

The Dean, Chapter Clerk- Executive Director 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
26 Red Lion Square
London WC1R 4AG

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

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
Tunbridge Wells, Kent, TN1 1EG

Investment Manager

Quilter Cheviot
St Helen's
1 Undershaft
London EC3A 8BB

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

Estate Advisor

Smiths Gore
23 Kings Hill Avenue
West Malling
Maidstone
ME19 4UA

Surveyor (general)

J.A. Warner & Partners
14 High Street
Rochester
Kent ME1 1PU

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 Rochester Cathedral Constitution and Statutes dated 8 September 2000, updated in December 2009 and July 2013.

2.2 Relationship with the Diocese

The Diocesan Bishop, the Rt Revd James Langstaff was appointed in 2010. The Suffragan Bishop of Tonbridge is the Rt Revd Dr Brian Castle.

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 Cathedral is the mother church of the Diocese and a centre of worship and mission within and beyond the Diocese. 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, 4 Residentiary Canons (these are the on-site clergy of whom 2 are full-time, and 2 are Diocesan appointments offering 20% of their time to the Cathedral) and 3 non-residentiary 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.

Residentiary members of Chapter are responsible for different portfolios within the Cathedral's life – mission and social responsibility, pastoral care and spiritual development, education and visits, liturgy and music and patronage. These departments are supported by a range of committees and teams, and a Chapter Clerk – Executive Director with overall responsibility for cathedral support services and resources.

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 'watchdog' 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 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 Committee

This committee is responsible for advising Chapter in connection with its responsibilities in the field of financial and investment management.

2.5 Other key groups

In addition to the corporate body there are two other key groups of people:

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.

The Fabric Advisory Committee

This committee is responsible for ensuring that any work to the fabric of the Cathedral is done with proper regard to due and legal process. It includes the Surveyor to the Fabric, the consultant Archaeologist, and other experts in the conservation and repair of historic buildings.

2.6 Chapter appointments and training

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

The other two Residentiary Canons (Archdeacon and Canon Missioner) are diocesan appointments.

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

2.7 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.

2.8 Clergy and senior staff changes

A new Chapter Clerk- Executive Director was appointed in April 2013. There were no other changes during the year.

2.9 Related organisations

Organisations for the sole benefit of the Cathedral

Friends of Rochester Cathedral

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 944 at the end of the year. They provide substantial and welcome financial support for the pressing work necessary on the fabric of the Cathedral.

Rochester Cathedral Trust

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 the region. Their present priority is the Music Endowment with a short term target of £1.5m by the end of 2015 and £10m by 2025. The Balance at the end of 2013 was £517k.

Rochester Cathedral Enterprises Ltd

The Chapter and Chapter Clerk – Executive Director constitutes the Board of Directors of RCE Ltd, an independent wholly owned company set up to run the Cathedral's catering and retail operations. Profits from the company are paid across to the Cathedral as Gift Aid.

Other Organisations

King's School Rochester

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

2.10 Investment Powers

Under the Cathedral's 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; 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.

2.11 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.

2.12 Risk analysis

The Risk Register, developed in 2009, details by department the risks and the actions taken to reduce and manage them. The register is updated and reviewed annually and each department reviews its register, identifies new areas of risk that may have arisen and draws up an action plan to further reduce risk in their area of operations. This exercise was undertaken in July 2013 and, in addition to the departmental review, a further review was undertaken to identify four key strategic risks. This review was supported by the Finance Committee and adopted by Chapter and is now used as a focus of a planned programme of quarterly detailed scrutiny during 2014.

2.13 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. 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 44 (2012: 45) properties, both commercial and residential, within the town of Rochester. Property is the principal source of investment income and in 2013 rents accounted for £442,560 (2012 £431,910) (44% of unrestricted income). Other investment income from shares, stocks and interest amounted to £68,063 (2012 £72,013). A review of investment performance is given in a separate section below.

Grants

Grants are 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 2013 the contribution towards administrative salaries was £102,222 (2012 £98,290) and this is included in the total figure of £225,283 (2012 £201,277). The balance includes their contribution towards the stipend of the Dean and Commissioners Canons which was £119,069 (2012 £99,177) and £3,992 towards chancel repairs (2012 £3,810).

During 2013 the next phase of the Hidden Treasures Fresh Expressions project for the Crypt was started. This project is grant-aided by the Heritage Lottery Fund (HLF) who contributed £491,231 (2012 £79,000) during the year. Other grants for this project included £120,000 from Collyer Fergusson Trust. £100,000 from Garfield Weston, £40,000 from the Headley Trust and £15,000 from the Esmee Fairburn Trust. Additionally, £20,000 was received from the All Churches Trust (2012 £20,000).

Voluntary income

The total received for congregational giving, donations and gift aid amounted to £163,157 (2012 £142,300) during the period, which included £5,901 (2012 £3,071), raised for an appeal to build a church/school in Guadulur in India. In addition, £207,500 (2012 £111,380) was received from the Friends of Rochester Cathedral to support specific projects including £200,000 for the Hidden Treasures Fresh Expressions Project. The other significant source of voluntary income was from Rochester Cathedral Trust for specific projects, amounting to £365,575 (2012 £51,720), which included the transfer to the Cathedral of an endowment for music of £65,115 (2012 £27,518).

Trading

The Cathedral's trading company, Rochester Cathedral Enterprises Ltd (RCE Ltd), operates a Tea Room serving lunches and teas in the College adjacent to the Cathedral. It also operates a small retail operation from the Cathedral's Welcome Desk.

RCE Ltd turnover for the period was £259,314 (2012 £269,296). The company made trading losses in the year due to poor trading conditions throughout the year. Therefore the company did not make any gift-aided payment to the Cathedral in 2013 (2012 - £Nil).

Other income

This includes lettings of the Cathedral, charges for educational visits, guided tours, concerts and recitals, filming and recording fees, etc. Total income from these sources amounted to £81,180 (2012 £85,077).

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.

A surplus was made in 2013 on the general fund of £5,440 (2012 £12,863). This was achieved by increasing income through a stewardship campaign and deferring some expected capital projects into 2014. The stewardship campaign resulted in an additional £12k of donation income in the year and it is expected that in 2014 the full effect of the campaign will be to increase income by £25k including related Gift Aid. The result is that the consolidated general fund reserves are increased to £370,222 (2012 £364,782). This is an increase compared with the original budget for 2013, but reflects a more cautious approach than planned since some projects, amounting to a total of £51k were deferred to 2014. This was due in part to the fact that the main project in the year, to re roof a property, was carried in one year rather than two and also included some urgent unexpected structural repairs. Ordinary estate property repairs were lower than usual totalling £6,233. Reserves represent just under 4 months of ordinary activity.

The Chapter consider 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 £600,000.

3.3 Investment Policy

The Chapter aim 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). The investments held by Quilters are subject to regular ethical screening based on criteria set by Chapter. A review has been conducted in to the ethical constraints applied to the Quilter portfolio and from 2014 the ethical guidelines from the Church of England's EIAG will be applied.

A medium to low risk profile is taken on equities and performance is measured against total returns on the Rochester Cathedral Specialist Benchmark, a specific index established for the Cathedral, that is based on a combination and weighting of existing FTSE indices as follows: 15% FT Govt All Stock, 60% FTSE All Share, 20% FTSEAW(W&UK) and 5% Cash.

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 2013 with reference to external benchmark data.

	£'000
Rental income	442.6
Professional services	(11.5)
Other costs	(42.8)
Major repairs	(28.2)
Net income	360.1

<i>Yield on investment properties</i>	£'000
Capital value investment property	£10,370
Net income yield	3.5%
CBF Property Fund income yield	7.4%

Our net income yield of 3.5% for the year compares with 3.5% (annualised) for 2012. The annual net income yield will vary year by year depending on the amount of capital works done in the year. Our relatively low yield reflects the fact that several of our residential properties are on protected tenancies with low rents and that the CBF benchmark consists of good quality commercial and industrial properties and no residential. The return on commercial properties is generally higher, but the increase in commercial capital values this year has kept the income yield lower.

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
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	£'000
Listed in the UK	59.6	28.1	-	87.7

Cash deposits	-	-	3.8	3.8
	59.6	28.1	3.8	91.5
Gains/(losses) on revaluations/disposals	337.7	(34.2)	-	303.5
Total return on other investments	397.3	(6.1)	3.8	395.0

<i>Return on other investments</i>	£'000
Market value of other investments	3,214.4
Return	12.3%
Rochester Cathedral Specialist Benchmark (15% FT Govt All Stk, 60% FTSE All Share, 20% FTSEAW(W&UK), 5% Cash)	10.8%

In January 2010 we created a new investment fund with Quilter that is set up in accordance with the Dean & Chapter's Statement of Investment Policy and bound by the Church of England's ethical guidelines. The fund started the year with a value at £1.94m, and with capital gains and a further £228.2 addition to the general endowment was worth £2.41m at the end of the year. This fund had a 18.0% weighting in fixed interest stocks (to generate the required levels of income). The Quilter Fund achieved a total return of 17.2%, with the Cathedral Benchmark at 10.8%.

At 31st December 2013 our total investments, excluding direct property holdings, totalled £3.21m, of which 62% were held in listed equity funds, 31% in fixed interest stocks, 4% in property funds and 3% 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 Quinquennial Inspection was carried out during the year and the programme of works for the next quinquennium was reported to Chapter. This forms the main focus of work to be done in the Cathedral and covers minor routine maintenance through to the major project of re-roofing the Nave. A project group is preparing plans for the funding and delivery of these projects and this group reports to Chapter and FAC. The group is also preparing applications for major grant funding and fundraising to enable delivery of these substantial projects at a cost of up to £7m.

3.6 Commentary on the 2013 results.

The results for the year ended 31 December 2013 are satisfactory and exceed budgeted expectations. Income was at 2% above budgeted levels and expenses controlled to 2% below budget, resulting in a year end result that was 43% higher than budgeted.

Hidden Treasures, Fresh Expressions

The Cathedral has been successful in securing a second Heritage Lottery Fund grant of £3.55m for a major new project centred around the development of the Crypt and creating a permanent display for the eTextus Roffensis. The project also includes creating a new study centre in the Library and extending disabled access throughout the Cathedral. Other funders of the HTFE Project include the Colyer Fergusson Charitable Trust, Friends of Rochester Cathedral, Rochester Bridge Wardens, Garfield Weston Trust, Wolfson Family Charitable Trust. The Headley Trust and the Esme Fairburn Trust. The Cathedral appointed a Project Director, Dr Edwina Bell, in April 2013 and she leads a specialist team whose remit is to bring the project to fruition during the current year.

Ancient Stones, Untold Stories

The Ancient Stones, Untold Stories project is now finished. Whilst the project has been successful in achieving the objectives of improving access to and understanding of the Cathedral, the income generation from visitors continues to be insufficient to meet the costs of the salary of the Interpretation Officer, as was originally planned. As an alternative the Cathedral has appointed a part time Volunteer Manager, as part of the Education & Visits Team, to provide ongoing support and training to volunteers.

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. During the year we sold one residential property and the proceeds were invested in the Endowment Fund managed by professional brokers, Quilter Cheviot. Whereas future years will see the benefits of this groundwork, the reinvestment of our other monetary assets has already produced good results – investment income was £89k in 2013 and was £106k in the previous year (which included a bonus dividend).

2013 saw a generous response by the congregation to a stewardship campaign, focussing on the development of the Cathedral's ministry. We have continued to seek every opportunity to increase the take-up of Gift Aid amongst congregation and visitors alike. Excluding specific appeals, giving including Gift Aid was £163k in 2013 from £142k (2012).

The final result on the general fund was a surplus of £5k, compared with the original budget of a £88k deficit. This now leaves our consolidated reserves at £370k, which compares with the expected level in our five-year forecast of £276k for the end of December 2013. Reserves have remained at 4 months expenditure on ordinary activities. However, this has only been achieved by deferring a number of capital projects.

Income

Total income from all sources in the period was £2.4m. This reflected increased grant income arising from the HTFE project. Grants from Rochester Cathedral Trust increased from £52k to £365k. Giving was £163k compared to £142k (2012), income for specific appeals (Chennai Appeal) increased to £6k against £3k (2012). Grants receivable were boosted by grants from the Heritage Lottery Fund (£491k), £120k from Collyer Fergusson Trust. £100k from Garfield Weston, £40k from the Headley Trust, £15k from the Esme Fairburn Trust and the Friends of Rochester Cathedral (£200k) in respect of HTFE which formally started in January 2012. We were also very grateful for £20k (2012 £20k) from the Allchurches Trust, which was allocated towards Verger overtime costs.

Fees include charges to education groups and cathedral hire. These dropped slightly to £74k from £78k, partly due to a reduction in school budgets for trips and partly due to uncertainty over the National Curriculum. Cathedral hire increased to £33k compared to £29k in 2012. Rents increased to £458k from £432k in 2012 and reflects a lower number of void periods relating to commercial lets on the High Street. The prospect for 2014 remains positive with expected levels of voids remaining low. Other investment income was £89k. The endowment, invested with Quilters', achieved a total return of 17.2% in the period, as compared to the Rochester Cathedral specialist benchmark which was 10.8% for the same period. Overall, our total return was 12.3%, with capital gains amounting to £303k (2012 £126k).

Revaluation of Property

We undertook the usual desk top exercise to adjust property values based on various indices and as a result we had gains in property values of £1,086 (2012 £534k). Growth in the value of commercial properties increased in the year, by an average of 12%, but residential properties grew at a more modest 3.3%.

Trading

The Cathedral's trading subsidiary, Rochester Cathedral Enterprises Ltd, experienced a difficult trading period in the first half of the year due to the poor weather, which adversely affected visitor numbers. This resulted in a reduction of turnover of 4.8% (£12.9k) compared to 2012. However, staffing costs were reduced both by a reduction in numbers and by an increased use of volunteer staff in the shop and the new staff mix will improve the net position for 2014.

Some minor improvements are planned at the Refectory in early 2014, to freshen the decor and improve the draught proofing and heating, particularly in the John Fisher Room. It is anticipated that these changes will significantly improve the position for 2014. Refectory turnover was £232k resulting in a net surplus of £2.2k (2012 Loss £10.4k).

The Welcome Desk Shop turnover was improved by £2.5k (10%) on 2012. Although the shop made a net loss of £2k (2012: £3.5k) this was an improvement of 43% (£1.5k) on 2012 and the improvement reflects both an increase in turnover due to new displays and merchandise and also to the increased use of volunteers. The latter half of the year contributed significantly to the turnaround, with profits of £2.4k for the last 5 months, which indicates that the new policies are effective.

RCE Ltd gift-aided £Nil to the Cathedral in 2013 (2012 £Nil).

Expenditure

Operating expenditure was controlled well during the year with nearly all departments spending within their budget limits. We were also able to carry out some important repair projects to residential cathedral use properties. We continued to make progress on the Crypt developments spending £648k in the year in the development of the plans and largely finishing the enabling works for the project. The main build phase of the project is expected to commence in April 2014.

Funds for restricted purposes increased £337k from £715k to £1,052k. The main reason for this was the income received relating to the HTFE project. The Father Smith Fund now stands at £317k. There were no drawings from Father Smith in the year. Other drawings included £31.5k subsidy for music drawn from

the Mary J Smith (Barrett's Folly) Bequest. Designated funds decreased by 7k from £69k to £62k. This is mainly due to expenditure in the Chancels Sinking Fund. The Chancels Sinking Fund balance was £33k at the end of the year, the purpose of which is to enable the Cathedral to pay for repairs to parish chancels for which historically we are responsible.

Conclusion

The Cathedral was not immune from prevailing economic conditions but generally it has weathered them well. Historic costs of repairs to estate properties has meant that the unrestricted reserves remain below the level considered to be required and the deferral of some projects in 2013, while preserving financial resources still leaves a pressure on reserves for the future. Despite this, we believe that the finances of the Cathedral remain in a sound and stable condition, with our focus clearly on future sustainability. We have started work on a second major project funded largely by HLF and look forward to work concluding by the end of 2014. In property and investment planning we have established our plans to co-ordinate and monitor our assets so as to maximise income from existing sources, and attracted significant sums of grant aid. Realising that, as match funding, this has the potential to attract even larger sums, the vision is to take the Cathedral even further forward in terms of both conservation and accessibility. We recognise that success in the Cathedral's mission and financial stability go hand in hand. The challenge is to progress into the future on both fronts together.

The Very Rev'd Dr Mark Beach
Dean

7 April 2014

4. Statutory Accounts

ROCHESTER CATHEDRAL

**ANNUAL REPORT &
CONSOLIDATED ACCOUNTS**

**FOR THE YEAR ENDED
31 DECEMBER 2013**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF ROCHESTER CATHEDRAL FOR THE YEAR ENDED 31 DECEMBER 2013

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

This report is made solely to the 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 Dean and 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.

Respective responsibilities of the Chapter and the auditors

As explained more fully in section 2.7 of the Annual Report, the Chapter is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Dean and Chapter; and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Cathedral's and group's affairs as at 31 December 2013 and of its consolidated incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly 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.

Matters on which we report by exception

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

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

haysmacintyre
Statutory Auditors

2014

26 Red Lion Square
London
WC1V 6A

RochesterCathedral

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

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
Incom ing resources	1	£000	£000	£000	£000	£000	£000
Voluntary income		147	3	521	65	736	305
Grants receivable		20	11	732	-	763	386
Charges and fees arising in the course of mission		74	-	-	-	74	78
Income from activities generating funds		266	-	-	-	266	276
Income from property and investments		515	-	31	5	551	540
Other incom ing resources		-	-	-	-	-	-
Total incom ing resources		1,022	14	1,284	70	2,390	1,585
Costs of generating funds	2	475	-	33	8	516	503
Net incom ing resources available form mission		547	14	1,251	62	1,874	1,082
Resources expended on mission	3						
Ministry & music		264	-	238	-	502	508
Cathedral and precincts upkeep		213	-	41	-	254	250
Education and outreach		72	-	12	-	84	78
Community, parish and congregation		15	2	4	-	21	26
Other expenditure on mission		4	17	652	-	673	345
Total resources expended on mission		568	19	947	-	1,534	1,207
Governance costs		10	-	-	-	10	9
Net (outgoing) incom ing resources		(31)	(5)	304	62	330	(134)
Other recognised gains (losses)							
Property	6/8	-	-	-	1,086	1,086	534
Investments	7	41	-	26	236	303	126
Gross transfers between funds		(5)	25	(20)	-	-	-
Net movement in funds		5	20	310	1,384	1,719	526
Total funds brought forward		365	69	715	16,211	17,360	16,834
Total funds carried forward	13/14/15	370	89	1,025	17,595	19,079	17,360

The notes numbered 1 to 25 together with the accounting policies on page 21 form part of these accounts.

Rochester Cathedral

Consolidated Balance Sheet as at 31 December 2013

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£000	£000	£000	£000	£000	£000
Fixed Assets							
Investment assets							
Property	6	-	-	-	10,370	10,370	10,069
Other investments	7	389	34	368	2,423	3,214	2,744
		389	34	368	12,793	13,584	12,813
Non investment assets							
Property	8	-	-	-	4,562	4,562	4,342
Plant & equipment	9	39	-	-	-	39	41
		39	-	-	4,562	4,601	4,383
Total fixed assets		428	34	368	17,355	18,185	17,196
Current Assets							
Stocks	10	16	-	-	-	16	11
Debtors	11	141	-	6	-	147	168
Short term deposits		417	-	-	-	417	-
Cash at bank and in hand		(406)	55	652	240	541	252
		168	55	658	240	1,121	431
Liabilities due within one year							
Creditors	12	(226)	-	(1)	-	(227)	(267)
		(226)	-	(1)	-	(227)	(267)
Net current assets		(58)	55	657	240	894	164
Liabilities due after one year							
		-	-	-	-	-	-
Net assets		370	89	1,025	17,595	19,079	17,360
Funds							
General Fund		371	-	-	-	371	366
Rochester Cathedral Enterprises		(1)	-	-	-	(1)	(1)
Father Smith Bequest		-	-	317	-	317	286
Mary Johnson (Barrett's Folly) Bequest		-	-	235	-	235	272
Ancient Stones Untold Stories (HIF)		-	-	-	-	-	4
Hidden Treasures Fresh Expressions (HIF)		-	-	2	-	2	2
Other funds		-	89	471	-	560	220
Endowment		-	-	-	17,595	17,595	16,211
Total funds	13/14/15	370	89	1,025	17,595	19,079	17,360

The notes numbered 1 to 25 together with the accounting policies on page 21 form part of these accounts.

Approved by Chapter on 7 April 2014 and signed on its behalf by

Statutory Accounts - page 20

The Very Rev'd Dr Mark Beach
Dean

Mr Paul Hudson
Chapter Member

Rochester Cathedral

**Balance Sheet - Cathedral only
as at 31 December 2013**

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£000	£000	£000	£000	£000	£000
Fixed Assets							
Investment assets							
Property	6	-	-	-	10,370	10,370	10,069
Investments	7	389	34	368	2,423	3,214	2,744
		389	34	368	12,793	13,584	12,813
Non investment assets							
Property	8	-	-	-	4,562	4,562	4,342
Plant & equipment	9	11	-	-	-	11	13
		11	-	-	4,562	4,573	4,355
Total fixed assets		400	34	368	17,355	18,157	17,168
Current Assets							
Debtors	11	165	-	6	-	171	186
Short term deposits		417	-	-	-	417	-
Cash at bank and in hand		(412)	55	652	240	535	244
		170	55	658	240	1,123	430
Liabilities due within one year							
Creditors	12	(199)	-	(1)	-	(200)	(237)
		(199)	-	(1)	-	(200)	(237)
Net current assets		(29)	55	657	240	923	193
Net assets		371	89	1,025	17,595	19,080	17,361
Funds							
General Fund		371	-	-	-	371	366
Father Smith Bequest		-	-	317	-	317	286
Mary Johnson Bequest		-	-	235	-	235	272
Ancient Stones Untold Stories (HIF)		-	-	-	-	-	4
Hidden Treasures Fresh Expressions (HIF)		-	-	321	-	321	2
Other funds		-	89	152	-	241	220
Endowment		-	-	-	17,595	17,595	16,211
Total funds	13/14/15	371	89	1,025	17,595	19,080	17,361

The notes numbered 1 to 25 together with the accounting policies on page 21 form part of these accounts.

Approved by Chapter on 7 April 2014 and signed on its behalf by

The Very Rev'd Dr Mark Beach
Dean

Mr Paul Hudson
Chapter Member

Rochester Cathedral

Accounting Policies – For the year ended 31 December 2013

Basis of preparation

The accounts have been prepared under the historical cost convention with two exceptions:

- investment assets and properties for Cathedral use are included at current valuation, and
- the Cathedral and its inventory are not included.

The accounts are stated in accordance with the provisions of the November 2006 Regulations on Accounting and Reporting by English Anglican Cathedrals prepared for the Association of English Cathedrals and specified by the Church Commissioners under section 27 of the Cathedrals Measure 1999.

Basis of consolidation

The consolidated accounts comprise those of the Cathedral and of its wholly owned subsidiary company Rochester Cathedral Enterprises Ltd.

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.

No value has been attributed on the balance sheet to the Cathedral itself or to its ancillary buildings. This is on the basis that information on the cost or valuation of these is not available and could not be obtained at a cost proportionate to the benefits of the users of the accounts. This is as provided for in section 7.2.1 of the Accounting and Reporting Regulations for English Anglican Cathedrals and is consistent with the requirements of FRS30 Heritage Assets.

Heritage assets

Under S13 (1) of the Care of Cathedrals Measure 1990, Cathedrals are required to keep an inventory of items owned by the Cathedral that are of architectural, archaeological, artistic or historic interest. The measure also issues strict guidelines about the acquisition and disposal of such assets.

No value is attributed to these assets on the balance sheet in accordance with section 7.2.2 of the Accounting and Reporting Regulations for English Anglican Cathedrals. The Chapter have further considered the requirements of FRS30 Heritage Assets, which post-dates the Regulations, and are of the opinion that the policy is compliant with this standard on the basis that information on cost or valuation of the assets is not available and could not be obtained at reasonable cost.

Investments

Investments are included at market value based on their bid market value.

Realised gains and losses on sale of investments represent proceeds of sale less the appropriate proportion of the opening carrying value and are shown in the Statement of Financial Activities.

Unrealised gains and losses on revaluation of investments are also shown in the Statement of Financial Activities.

Fixed assets

Computer equipment and other assets over £500 are capitalised and written off on a straight line basis over the life of the asset. The rates generally applicable are:

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

Stock

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

Legacies are accounted for when received.

Grants

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.

Third Party receipts and payments

The Church Commissioners pay the stipends of the Dean, the Precentor and the Canon Pastor. The stipends of the Archdeacon of Rochester and Canon Missioner are paid by the Diocese, and 20% of these costs are 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.

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

1. Incoming resources	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2013 £000	Total 2012 £000
(i) Voluntary income						
Congregational collections and giving	91	-	-	-	91	77
Donations	30	3	20	-	53	49
Income from appeals & fundraising	-	-	-	-	-	-
Tax recovered under Gift Aid	19	-	-	-	19	16
Income from supporter groups & trusts						
Friends of Rochester Cathedral	7	-	201	-	208	111
Rochester Cathedral Trust (see note below)	-	-	300	65	365	52
Legacies (Under £500 in 2012)	-	-	-	-	-	-
	<u>147</u>	<u>3</u>	<u>521</u>	<u>65</u>	<u>736</u>	<u>305</u>
(ii) Grants receivable						
Church Commissioners	-	11	225	-	236	259
Diocese	-	-	16	-	16	16
Heritage Lottery Fund	-	-	491	-	491	79
Other grants	20	-	-	-	20	32
	<u>20</u>	<u>11</u>	<u>732</u>	<u>-</u>	<u>763</u>	<u>386</u>
(iii) Charges and fees arising in the course of mission						
Fees	74	-	-	-	74	78
	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>78</u>
(iv) Income from activities generating funds						
Charges to visitors	6	-	-	-	6	7
Retail	28	-	-	-	28	25
Catering	232	-	-	-	232	244
	<u>266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>276</u>
(v) Income from investments						
Investment property income	443	-	10	5	458	432
Other investment income	68	-	21	-	89	106
Interest from short-term deposits	4	-	-	-	4	2
	<u>515</u>	<u>-</u>	<u>31</u>	<u>5</u>	<u>551</u>	<u>540</u>
(vi) Other incoming resources						
Insurance claims	-	-	-	-	-	-
	<u>1,022</u>	<u>14</u>	<u>1,284</u>	<u>70</u>	<u>2,390</u>	<u>1,585</u>

Income from Rochester Cathedral Trust included a transfer of £65k to the Music Endowment, which is shown as a separate endowment to the Cathedral's existing endowments. (see note 15).

2. Costs of generating funds	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2013 £000	Total 2012 £000
Facilities for visitors	12	-	-	-	12	11
Services directly recoverable	13	-	-	-	13	13
Retail	30	-	-	-	30	29
Catering	229	-	-	-	229	255
Marketing costs	3	-	-	-	3	1
Costs of appeals and fundraising	5	-	-	-	5	5
Investment property costs						
Estate projects (Note 4)	81	-	-	-	81	42
Other investment property costs	83	-	-	1	84	84
Investment management	-	-	-	7	7	7
Support costs	19	-	33	-	52	56
	<u>475</u>	<u>-</u>	<u>33</u>	<u>8</u>	<u>516</u>	<u>503</u>

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.

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

3. Expenditure on mission

	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	Endowment Funds £000	Total 2013 £000	Total 2012 £000
(i) Ministry & music						
Clergy stipends and working expenses	-	-	136	-	136	115
Clergy housing costs	14	-	-	-	14	13
Clergy support costs	22	-	-	-	22	57
Services and music	207	-	65	-	272	263
Ministry support costs	21	-	37	-	58	60
	<u>264</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>502</u>	<u>508</u>
(ii) Cathedral and precincts upkeep						
Major projects (note 4)	-	-	19	-	19	14
Maintenance and interior upkeep	134	-	1	-	135	134
Insurance	24	-	-	-	24	24
Precincts security and gardens upkeep	42	-	-	-	42	42
Support costs	13	-	21	-	34	36
	<u>213</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>254</u>	<u>250</u>
(iii) Education and outreach						
Educational activities	59	-	-	-	59	66
Archives & library	1	-	-	-	1	1
Charitable giving	7	-	5	-	12	1
Support costs	5	-	7	-	12	10
	<u>72</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>84</u>	<u>78</u>
(iv) Community, parish and congregation						
Community, parish and congregation costs	13	2	-	-	15	20
Support costs	2	-	4	-	6	6
	<u>15</u>	<u>2</u>	<u>4</u>	<u>-</u>	<u>21</u>	<u>26</u>
(v) Other expenditure on mission						
Interest and similar charges	2	-	-	-	2	2
Care of chancels	2	17	4	-	23	36
Hidden Treasures project (HIF) (Note 4)	-	-	648	-	648	307
	<u>4</u>	<u>17</u>	<u>652</u>	<u>-</u>	<u>673</u>	<u>345</u>
	<u>568</u>	<u>19</u>	<u>947</u>	<u>-</u>	<u>1,534</u>	<u>1,207</u>

4. Major Projects - gross cost (Note 2)

	Start date	Dec 2013 Funds £000	Dec 2012 Funds £000	Dec 2011 Funds £000	Mar 2011 Funds £000	Total Funds £000
Estate Projects						
East Canonry refurbishment	2010/11	2	6	19	8	35
78 High Street floor repair	2010/11	-	(11)	58	-	47
Pheonix House external repairs	2011	-	-	9	-	9
Pheonix House refurbishment	2011	-	-	7	-	7
Flat 1a College Yard refurbishment	2011	-	-	6	-	6
Precinct Pantry roof repairs	2011	-	-	13	-	13
70 High Street		-	(7)	-	-	(7)
Prebendal House	2012	2	7	-	-	9
70 High Street - window	2012	1	35	-	-	36
Deanery Wall	2012	1	7	-	-	8
3/5 St Margaret's Street - roof and repairs	2013	75	-	-	-	75
Others under £5,000	2010/11	-	5	4	18	27
		<u>81</u>	<u>42</u>	<u>116</u>	<u>26</u>	<u>265</u>

Rochester Cathedral
Notes to the Accounts - For the year ended 31 December 2013

4. Major Projects - gross cost (Note 2)	Start date	Dec 2013	Dec 2012	Dec 2011	Mar 2011	Total
		Funds £000	Funds £000	Funds £000	Funds £000	Funds £000
Cathedral major projects (Note 3)						
Crypt major works	2008/09	-	-	31	50	81
Treasury Roof	2009/10	-	4	-	218	222
Tudor Gateway	2010/11	-	4	9	-	13
Clock conservation	2010/11	-	1	10	6	17
Others under £5,000	2010/11	9	5	5	10	29
Other Projects (not ongoing)	2009/10	10	-	-	68	78
		19	14	55	352	440

Heritage Lottery Fund project

In 2012, the Cathedral was awarded a grant of £3.5m by the Heritage Lottery Fund for improving access to the Crypt and Garth including urgent repairs to the Library roof and the establishment of a permanent display for the Textus Roffensis, an important early document pre-dating the Magna Carta. This project is now underway with the early phases being completed in the year. Further work is due to be carried out during 2014.

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 £000	Support costs £000	Total 2013 £000	Total 2012 £000
Funds generation	464	52	516	503
Ministry	444	58	502	508
Cathedral and precincts upkeep	220	34	254	250
Education and outreach	72	12	84	78
Community, parish and congregation	15	6	21	26
Governance	10	-	10	9
	1,225	162	1,387	1,374

6. Investment property	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds £000	Funds £000	Funds £000	Funds £000	2013 £000	2012 £000
Value at 1st January 2013	-	-	-	10,069	10,069	9,654
Disposal	-	-	-	(550)	(550)	-
Gain on revaluation	-	-	-	851	851	415
Value at 31st December 2013	-	-	-	10,370	10,370	10,069

The Cathedral's properties were revalued by Robert Wickham FRICS, an external valuer, as at March 2007 and revised for values up to December 2013 with reference to external benchmark data.

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

7. Other investments	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds £000	Funds £000	Funds £000	Funds £000	2013 £000	2012 £000
Value at 1st January 2013	348	39	729	1,628	2,744	2,658
Additions/disposals	-	(5)	(386)	558	167	(40)
Net increase on disposals and revaluation	41	-	25	237	303	126
Value at 31st December 2013	389	34	368	2,423	3,214	2,744
Listed equity securities	47	-	43	1,552	1,642	1,317
Listed fixed interest stocks	23	-	250	730	1,003	888
CBF Church of England Funds	319	-	23	-	342	306
CBF Property Funds	-	-	-	135	135	135
Cash investments	-	34	52	6	92	98
	389	34	368	2,423	3,214	2,744

The majority of the Cathedral's equity and stock investments are held in managed funds overseen by fund managers Quilter.

No individual equity holdings amount to over 5% of the total value of investments.

No investments are held by the subsidiary company.

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

8. Non-investment property	Unrestricted	Endowed	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2013	2012
	£000	£000	£000	£000	£000	£000
Freehold value at 1st January 2013	-	-	-	4,342	4,342	4,223
Net increase/(decrease) in revaluation	-	-	-	220	220	119
Freehold value at 31st December 2013	-	-	-	4,562	4,562	4,342
For Cathedral use	-	-	-	4,370	4,370	4,172
For Trading purposes	-	-	-	192	192	170
	-	-	-	4,562	4,562	4,342

No investment properties are held by the subsidiary company.

9. Plant and equipment	Plant	Computer	Fixtures &	Total	Total
	Equipment	Equipment	Fittings	2013	2012
	£000	£000	£000	£000	£000
Cost brought forward at 1st January 2013	63	34	47	144	129
Additions	6	2	-	8	19
Disposals	(2)	(18)	-	(20)	(4)
Cost carried forward at 31st December 2013	67	18	47	132	144
Depreciation brought forward at 1st January 2013	44	29	30	103	95
Charge for year	6	3	2	11	12
On disposals	(2)	(18)	-	(20)	(4)
Depreciation carried forward at 31st December 2013	48	14	32	94	103
Net book value	19	4	15	38	41

Of the above, a net book value of £27.8k is held by the subsidiary company.

10 Stocks	Retail	Catering	Total	Total
	£000	£000	2013	2012
	£000	£000	£000	£000
Value at lower of cost or net realisable value	12	4	16	11

All the stocks above are held in the subsidiary company.

11 Debtors due within one year	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2013	2012
	£000	£000	£000	£000	£000	£000
Trade debtors	47	-	-	-	47	51
Grants	-	-	5	-	5	27
Other	78	-	1	-	79	70
Prepayments	10	-	-	-	10	18
	135	-	6	-	141	166

Of the above, £0.6k are held in the subsidiary company.

12. Creditors falling due within one year	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2013	2012
	£000	£000	£000	£000	£000	£000
Trade creditors	29	-	-	-	29	42
Other	167	-	1	-	168	199
Accruals and deferred income	30	-	-	-	30	29
	226	-	1	-	227	270

Of the above, £29.5k are held in the subsidiary company.

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

13. Designated Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2013			Movements		31 Dec 2013
	£	£	£	£	£	£
Chancel's Sinking Fund	38,881	11,232	(17,021)	-	-	33,092
Organ Sinking Fund	-	2,307	-	-	25,023	27,330
Music Outreach Fund	9,239	-	-	-	-	9,239
AngelSpace	3,775	-	(2,002)	-	-	1,773
Education Fund	3,719	60	-	-	-	3,779
Missioner Fund	2,212	220	-	-	-	2,432
Precentors Fund	236	-	-	-	-	236
Pastor's Fund	1,333	-	(350)	-	-	983
India Travel Fund	834	475	-	-	-	1,309
Stewards Fund	214	295	-	-	-	509
Dean's Fund	322	-	-	-	-	322
Junior Church Fund	1,292	-	(573)	-	-	719
Cathedral Lighting	1,000	-	-	-	-	1,000
Capital Improvement Fund	6,178	-	-	-	-	6,178
	<u>69,235</u>	<u>14,589</u>	<u>(19,946)</u>	<u>-</u>	<u>25,023</u>	<u>88,901</u>

Designated Funds - description

Chancel's Sinking Fund	To provide for future repairs to parish church chancel's (note 22)
Organ Sinking Fund	For the future refurbishment of the organ
Music Outreach Fund	To support the music outreach programme
AngelSpace	To promote the AngelSpace event in the Cathedral.
Education Fund	To support developmental education work
Missioner Fund	Canon Missioner's discretionary fund
Precentors Fund	Canon Precentor's discretionary fund
Pastor's Fund	Canon Pastor'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 clergy housing

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

14. Restricted Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2013					31 Dec 2013
	£	£	£	£	£	£
Church Commissioners' Restricted	-	241,632	(241,632)	-	-	-
Father Smith Bequest	286,403	4,961	-	21,957	4,164	317,485
Mary J Smith (Banett's Folly) Bequest	272,385	-	(31,500)	(6,043)	-	234,842
HJHoby Bequest - Capital	76,058	-	(214)	10,250	-	86,094
HJHoby Bequest - Income	11,622	2,620	-	-	-	14,242
Doris Colmore Peters Bequest	20,845	119	-	-	-	20,964
Ancient Stones Untold Stories (HIF)	4,164	-	-	-	(4,164)	-
Hidden Treasures Fresh Expressions (HIF2)	2,336	966,231	(648,018)	-	-	320,549
Cathedral Projects fund	-	20,551	(18,387)	-	(436)	1,728
Music fund	-	33,120	(33,120)	-	-	-
Organ Sinking Fund	20,023	-	-	-	(20,023)	-
Roman Wall Fund	7,724	-	-	-	-	7,724
Chennai project fund	6,627	5,922	(5,000)	-	-	7,549
EV Family Fun Day	-	-	-	-	476	476
Homeless (Emmaus)	1,000	-	-	-	-	1,000
Garth Roses	2,911	700	-	-	-	3,611
Embroidery fund	1,308	8	-	-	-	1,316
Library Fund	776	4	-	-	-	780
Choir fund	500	-	-	-	-	500
Flower Guild	-	3,907	(1,352)	-	-	2,555
Youth Fund	-	2,045	-	-	-	2,045
Congregation Fund	-	1,659	-	-	-	1,659
	714,682	1,283,479	(979,223)	26,164	(19,983)	1,025,119

Restricted Funds - description

Restricted Funds - description		Incom e/ 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 (Banett's Folly) Bequest	For supporting music in the Cathedral	Both
HJHoby Bequest	This fund derived from the estate of HJHoby. 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 (HIF2)	For the Crypt development project funded by Heritage Lottery Fund, with additional funding from the Collyer Ferguson 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
Organ Sinking Fund	For the future refurbishment of the organ	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

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

15. Endowment Funds	Balance at		Investment			Balance at	
	01 Jan 2013	Income	Expenditure	Movements	Transfers	31 Dec 2013	
	£	£	£	£	£	£	£
General endowment	15,812,290	5,000	(6,323)	1,267,266	-	17,078,233	
Music endowment	398,482	65,115	(1,496)	55,107	-	517,208	
	<u>16,210,772</u>	<u>70,115</u>	<u>(7,819)</u>	<u>1,322,373</u>	<u>-</u>	<u>17,595,441</u>	

Endowment Funds - description

Endowment Funds - description	Income/capital
General endowment	Income only
Music Endowment	Income only

16. Staff numbers

The average full time equivalent number of paid staff working for the Cathedral during the year was 30 (2012:30).

	No.
Funds generation	6.9
Ministry	8.7
Cathedral and precincts upkeep	5.7
Education and outreach	2.1
Community, parish and congregation	0.9
Administration and finance	2.8
Heritage Lottery Fund project	2.7
	<u>29.8</u>

Of the above, members of Chapter numbered 34 (2012:34)

17. Staff costs

Salaries & Stipends	Employers' NI	Employers' Pension	Total 2013	Total 2012
£000	£000	£000	£000	£000
799	57	50	906	856

The aggregate remuneration of Chapter members included above was £135.4k (2012 £115.2k). See note 20.

18. Pensions

The Cathedral participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. The assets of the scheme are held separately from those of the Dean and Chapter in an independently administered fund. The costs of the scheme are charged in the accounts and are shown in note 17.

19. Emoluments of higher paid staff

No member of staff was paid more than the disclosure limit of £60,000.

20. Remuneration of members of Chapter

The remuneration of the members of Chapter was:

	Stipend (incl Em ployers NI)	Em ployers' Pension
The Dean	35,867	10,393
Canon Precentor	27,830	8,315
Canon Pastor	28,251	8,315
Archdeacon (20% attributable to the Cathedral)	6,877	2,079
Canon Missioner (20% attributable to the Cathedral)	5,630	1,663

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.

£5,434 (2012- £3,734) in expenses were paid in total to the 8 (2012:8) members of Chapter during the year. Expenses comprised travel, entertainment, gifts and departmental expenses.

Related Party Transactions

The following related party transactions have been identified:

	£
Mr T Burton-Jones - Tea Room s Assistant	1,686
Ms S Gray - Education officer	5,575

All payments were on terms similar to non-related parties and there were no balances owing at the end of the year.

21. Auditors remuneration

Auditors' remuneration for audit services amounted to £9,028 (2012:£8,874)

Rochester Cathedral

Notes to the Accounts - For the year ended 31 December 2013

22. Contingent Liability

The Dean & 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.

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 £Nil to the Cathedral during the period (2012: £Nil).

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	
	y/e 31/12/13	p/e 31/12/12	y/e 31/12/13	y/e 31/12/12
	£000	£000	£000	£000
	(Draft)			
Gross income	47	50	282	238
Net income	(195)	(74)	(45)	113
Amount paid to the Cathedral	227	113	267	69
Gross Assets	997	1,098	216	266
Net Assets	985	1,090	215	258

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 architectural, archaeological, artistic or historic interest.

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.