

# ROCHESTER CATHEDRAL

Nurturing the radical hope  
of human flourishing  
in Jesus Christ



ANNUAL REPORT  
Statutory Accounts – Part 2  
2014



# Rochester Cathedral Annual Report and Statutory Accounts – Part 2

## Contents Page

<b>ROCHESTER CATHEDRAL ANNUAL REPORT AND STATUTORY ACCOUNTS – PART 2</b> .....	<b>3</b>
<b>PART 2</b> .....	<b>4</b>
1. LEGAL AND ADMINISTRATIVE INFORMATION .....	4
1.1 <i>Legal name of the Cathedral</i> .....	4
1.2 <i>Chapter Office</i> .....	4
1.3 <i>Chapter</i> .....	4
1.4 <i>Other key appointments</i> .....	4
1.5 <i>Finance Committee</i> .....	5
1.6 <i>Fabric Advisory Committee</i> .....	5
1.7 <i>Auditors</i> .....	5
1.8 <i>Banker and other professional advisers</i> .....	5
2. STRUCTURE, GOVERNANCE AND MANAGEMENT .....	7
2.1 <i>Governing Statute</i> .....	7
2.2 <i>Relationship with the Diocese</i> .....	7
2.3 <i>Corporate body</i> .....	7
2.4 <i>Finance Committee</i> .....	8
2.5 <i>Fabric Advisory Committee</i> .....	8
2.6 <i>The Cathedral Forum</i> .....	8
2.7 <i>Chapter appointments and training</i> .....	8
2.8 <i>Chapter responsibilities</i> .....	8
2.9 <i>Clergy and senior staff changes</i> .....	9
2.10 <i>Subsidiary Company</i> .....	9
2.11 <i>Related Organisations</i> .....	9
2.12 <i>Investment Powers</i> .....	9
2.13 <i>Public Benefit</i> .....	10
2.14 <i>Risk analysis</i> .....	10
2.15 <i>Staffing and Volunteers</i> .....	10
3. FINANCIAL REVIEW .....	10
3.1 <i>Major sources of finance</i> .....	10
3.2 <i>Reserves Policy</i> .....	11
3.3 <i>Investment Policy</i> .....	12
3.4 <i>Investment Performance</i> .....	12
3.5 <i>Maintenance Plan for the Cathedral and its Precincts</i> .....	14
3.6 <i>Commentary on the 2014 results</i> .....	14

## 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 2014 were as follows:

*Dean:* The Very Revd Dr Mark Beach – 2012 until 2015 (Jan)  
*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:* Canon Paul Hudson - 2010  
*Bishop's Appointee:* Canon Andrew Gray – 2013  
*Bishop's Appointee:* Canon Barbara Lloyd – 2013

#### 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 (until 25<sup>th</sup> Jan 2015)  
                                 The Revd Dr Canon Philip Hesketh  
                                 Canon Paul Hudson  
                                 Mrs Gilly Wilford

### 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 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 The Cathedral Forum**

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

## **2.7 Chapter appointments and training**

The Dean and two Canons (Canon 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.

## **2.8 Chapter responsibilities**

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

- preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities
- stating that they have complied in all material respects with the Accounting and Reporting Regulations for English Anglican Cathedrals prepared by the Cathedral Administrators and Finance Association (CAFA) specified by the Church Commissioners or describing which recommendations have not been complied with and giving reasons for the non compliance
- selecting suitable accounting policies and then applying them consistently
- making judgements and estimates that are reasonable and prudent



- keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time, and
- safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

## 2.9 Clergy and senior staff changes

The Dean resigned in January 2015. There were no other changes during the year.

## 2.10 Subsidiary Company

### *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.

## 2.11 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 970 at the end of the year. They provide substantial and welcome financial support for the 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 2014 was £524k.

### **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.

## 2.12 Investment Powers

Under the Cathedrals’ Measure 1999 the Chapter may invest the Cathedral's funds in any of the following: Land Funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Ltd; investments in which trustees may invest under the general power of investment in the Trustee Act 2000; the improvement or development of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings.

## **2.13 Public Benefit**

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

## **2.14 Risk analysis**

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 2014 and, in addition to the departmental review, a further review was undertaken to identify four key strategic risks, together with the actions required to minimise their impact. This review is now carried out by Chapter.

## **2.15 Staffing and Volunteers**

The Cathedral employs staff to deliver its objectives – vergers, musicians, gardeners, education officers, cleaners, caterers, shop workers, accountants, book-keepers, fundraisers and administrative support workers. More than 366 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 (2013: 44) properties, both commercial and residential, within the town of Rochester. Property is the principal source of investment income and in 2014 rents accounted for £456,999 (2013 £442,560) (43% of unrestricted income). Other investment income from shares, stocks and interest amounted to £74,378 (2013 £68,063). 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 2014 the contribution towards administrative salaries was £107,909 (2013 £102,222) and this is included in the total figure of £232,931 (2013 £225,283). The balance includes their contribution towards the stipend of the Dean and Commissioners Canons which was £120,851 (2013 £119,069) and £4,171 towards chancel repairs (2013 £3,992).

The main phase of the Hidden Treasures Fresh Expressions project for the Crypt progressed in 2014. This project is grant-aided by the Heritage Lottery Fund (HLF) who contributed £716,496 (2013 £491,231) during the year. Other grants for this project included £150,000 from Collyer Fergusson Trust. £100,000 from Rochester Bridge Trust. Additionally, £21,000 was received from the All Churches Trust (2013 £20,000).

### ***Voluntary income***

The total received for congregational giving, donations and gift aid amounted to £193,420 (2013 £163,157) during the period, which included £10,532 (2013 £5,901), raised for Chennai in India, £23,600 raised for the "Team Charlie" project in India, and £10,085 raised specifically for Cathedral Youth and Ministry. In addition, £7,500 (2013 £207,500) was received from the Friends of Rochester Cathedral to support specific projects. The other significant source of voluntary income was from Rochester Cathedral Trust for specific projects, amounting to £271,000 (2013 £365,575), which included the transfer to the Cathedral of an endowment for music of £Nil (2013 £65,115). The transfer to the music endowment for 2014 of £67,159 actually took place in 2015 and is not included in these accounts.

### ***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 £295,904 (2012 £259,314). The company made a small trading gain in the year despite poor trading conditions throughout the year and the costs of a further re-arrangement to the Tea Rooms. The company made a small gift-aided payment to the Cathedral in 2014 of £2,000 (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 £81,566 (2013 £74,754).

## **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 deficit was made in 2014 on the general fund of £2,541 (2013 £5,440 surplus). This was achieved by stringent budgetary controls on expenditure and the deferral of some expected capital projects into 2015. The full effect of the 2013 stewardship campaign is included in these figures and has resulted in an increase of income by £22k including related Gift Aid. The result is that the consolidated general fund reserves are reduced to £367,681 (2013 £370,222). This is an improvement compared with the original budget for 2014, but reflects more a curtailing of activity, both operational and capital, than had been planned. A lower level of capital project was deferred (£26k compared to £51k in 2013) which might suggest that progress has been made in the year in dealing with this perennial problem. Reserves represent just over 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 £550,000.

### **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 the same ethical guidelines.

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 2014 with reference to external benchmark data.

	<b>£'000</b>
Rental income	457.0
Professional services	(6.4)
Other costs	(31.6)
Property repairs	(36.4)
<b>Net income</b>	<b>382.6</b>

  

<b><i>Yield on investment properties</i></b>	<b>£'000</b>
Capital value investment property	£9,599
Net income yield	4.0%
<b>CBF Property Fund income yield</b>	<b>5.96%</b>

Our net income yield of 4.8% for the year compares with 3.5% for 2013. 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 net income has increased 6% to £382.6k and the net yield increased to 4.0%. It should be noted that the capital value has reduced following the change in valuation basis.

### ***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>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Listed in the UK	72.5	28.5	-	101.0
Cash deposits	-	-	7.4	7.4
	72.5	28.5	7.4	108.4
Gains/(losses) on revaluations/disposals	52.6	45.9	-	98.5
<b><i>Total return on other investments</i></b>	<b>125.1</b>	<b>74.4</b>	<b>7.4</b>	<b>206.9</b>

<i>Return on other investments</i>	<b>£'000</b>
Market value of other investments	3,381.0
Return	6.1%
<b>Rochester Cathedral Specialist Benchmark</b> <b>(15% FT Govt All Stk, 60% FTSE All Share, 20% FTSEAW(W&amp;UK), 5% Cash)</b>	<b>4.3%</b>

In January 2010 we created a new investment fund with Quilter that is set up in accordance with 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 £2.41m, and with capital gains was worth £2.42m at the end of the year. This fund had a 20.2% weighting in fixed interest stocks (to generate the required levels of income). The Quilter Fund achieved a total return of 4.5%, with the Cathedral Benchmark at 4.3%.

At 31st December 2014 our total investments, excluding direct property holdings, totalled £3.38m, of which 63% were held in listed equity funds, 23% in fixed interest stocks, 8% in property funds and 6% 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 2013 and the programme of works for the next quinquennium has been prepared. 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. During 2014 a successful bid was made to the WW1 Repairs fund for £153k and this work on the Cathedral roof is expected to take place in 2015.

### **3.6 Commentary on the 2014 results.**

The results for the year ended 31 December 2014 are satisfactory and exceed budgeted expectations. Income was at 2% above budgeted levels and expenses controlled to 4% below budget, resulting in a year end result that was 73% higher than budgeted.

#### **Hidden Treasures, Fresh Expressions**

In 2013, the Cathedral secured 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 Textus 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.

During 2014 early excavation for the disabled access lift revealed in situ remains of the Norman Cathedral, which have been deemed "of national importance". The Norman remains will now become a permanent

display and additional design and interpretation work is required. As a consequence substantial delays to the project have been incurred as alternative access solutions had to be investigated. The Heritage Lottery Fund has been immensely supportive and increased its grant funding to £4.5m to accommodate the additional costs involved.

### **Planning for the Future**

Our combined investment policy bringing together the property aspirations with the investments objectives continues to deliver good investment returns whilst maintaining the underlying value of the assets. No properties were sold in the year. Future years will continue to benefit from this policy, the reinvestment of our other monetary assets has already produced good results – investment income was £101k in 2014 and was £89k in the previous year.

2014 saw the full effect of the generous response by the congregation to the 2013 stewardship campaign, which had focussed 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 £194k in 2014, an increase of £31k over 2013 (£163k).

The final result on the general fund was a deficit of £3k, compared with the original budget of a £66k deficit. This now leaves our consolidated reserves at £367k, which compares with the expected level in our five-year forecast of £261k for the end of December 2014. Reserves have remained at 4 months expenditure on ordinary activities. However, this has been achieved by deferring a number of capital projects and by restricting expenditure.

### **Income**

Total income from all sources in the period was £2.4m, which was only slightly up on the previous year. This reflected increased grant income arising from the HTFE project. Grants from Rochester Cathedral Trust decreased from £365k to £271k. Giving was £194k compared to £163k (2013), income for specific appeals (Chennai Appeal) increased to £10k against £6k (2013). Grants receivable were boosted by grants from the Heritage Lottery Fund (£724k), £150k from Collyer Fergusson Trust. and £100k from Rochester Bridge Trust in respect of HTFE which formally started in January 2012. We were also very grateful for £21k (2013 £20k) from the Allchurches Trust, which was allocated towards Verger overtime costs.

Fees include charges to education groups and cathedral hire. These increased to £82k from £74k, partly due to increased certainty over the National Curriculum. Cathedral hire decreased to £26k compared to £33k in 2013 and this was affected by the HTFE project. Rents decreased to £457k from £458k in 2013 and reflects a higher number of void periods relating to residential letting. The prospect for 2015 remains positive with expected levels of voids remaining low. Other investment income was £101k. The endowment, invested with Quilters', achieved a total return of 4.5% in the period, as compared to the Rochester Cathedral specialist benchmark which was 4.3% for the same period. Overall, our total return was 6.1%, with capital gains amounting to £98k (2013 £303k).

### **Revaluation of Property**

The published indices we used for valuation of the commercial property portfolio were withdrawn in the year which resulted in a change in the way we undertook the usual desk top exercise to adjust property values.

After taking appropriate advice from our property advisors we adopted a yield basis for the certain commercial properties and property on longer leases. Residential properties continued to be valued by reference to external data. The change in basis in the valuation resulted in a sharp reduction in value of the commercial portfolio.

Net losses on revaluation of property amounted to £771k (2013 £1,086k gains). Commercial investment properties decreased in the year, by an average of 7.4%, but residential properties grew 14.3%.

### **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. Despite this turnover increased by £36k (13.8%) compared to 2013.

Refectory turnover increased by £22k (9%) on 2013. However, staffing costs were higher in the Refectory than the previous year which contributed to an overall depressed outcome. Staffing levels are once again under discussion and it is hoped that changes in 2015 will improve the net position. Some minor improvements planned at the Refectory for early 2014, to freshen the decor and improve the draught proofing and heating, particularly in the John Fisher Room, were completed and, together with another re-organisation of the front of house costing £4k, took the Refectory into a net loss of £2k (2013 Profit £2.2k).

The Shop turnover was improved by £14k (50%) on 2013. The shop made a net profit of £6k (2013: £2k loss) this was a huge improvement on 2013 and reflects both an increase in turnover due to new displays and merchandise and also to the increased contribution of volunteers. The Shop will now need to consolidate these gains in the future while consideration is given to the scale and type of future development.

RCE Ltd gift-aided £2,000 to the Cathedral in 2014 (2013 £Nil).

### **Expenditure**

Operating expenditure was controlled well during the year with most departments spending within their budget limits. We were also able to carry out some important repair projects to residential cathedral use properties and commercial properties in the Precinct. We continued to make progress on the Crypt developments, spending £878k in the year. We expect that the main build phase of the project will be completed in the Autumn of 2015.

Funds for restricted purposes increased £104k from £1,052k to £1,156k. 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 £27k subsidy for music drawn from the Mary J Smith (Barrett's Folly) Bequest. Designated funds increased by 30k from £62k to £92k. This is mainly due to the re-classification of the Organ Repair Fund as designated rather than restricted. The Chancels Sinking Fund balance was £35k 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 has experienced a year of upheaval and disruption due to the Crypt works but has fared quite well despite the obvious restrictions to certain areas of the Cathedral and grounds, which has impacted in visitors and worshippers alike. 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 2014, while preserving financial resources, still leaves a pressure on reserves for the future. The lower level of deferred projects this year gives us hope that we are coming the end of the historical back log of works. 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 continued work on the major project funded largely by Heritage Lottery Fund and look forward to work concluding by the end of 2015. 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. We continue to believe that success in the Cathedral's mission and financial stability go hand in hand and we are committed to progress on both fronts into the future.

**Canon Dr Philip Hesketh**  
**Acting Dean**

**13 April 2015**

**4. Statutory Accounts**

**ROCHESTER CATHEDRAL**

---

**ANNUAL REPORT &  
CONSOLIDATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2014**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF ROCHESTER CATHEDRAL FOR THE YEAR ENDED 31 DECEMBER 2014**

---

We have audited the financial statements of Rochester Cathedral for the period ended 31 December 2014 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 2014 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**

2015

**26 Red Lion Square**  
**London**  
**WC1V 6A**

RochesterCathedral

Consolidated Statement of Financial Activities  
for the year ended 31 December 2014

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
<b>Incom ing resources</b>	1	£000	£000	£000	£000	£000	£000
Voluntary income		151	4	318	-	473	736
Grants receivable		1	1	995	-	997	763
Charges and fees arising in the course of mission		82	-	-	-	82	74
Income from activities generating funds		303	-	-	-	303	266
Income from property and investments		538	-	27	-	565	551
Other incom ing resources		-	-	-	-	-	-
<b>Total incom ing resources</b>		<b>1,075</b>	<b>5</b>	<b>1,340</b>	<b>-</b>	<b>2,420</b>	<b>2,390</b>
<b>Costs of generating funds</b>	2	<b>506</b>	<b>6</b>	<b>34</b>	<b>5</b>	<b>551</b>	<b>516</b>
<b>Net incom ing resources available for mission</b>		<b>569</b>	<b>(1)</b>	<b>1,306</b>	<b>(5)</b>	<b>1,869</b>	<b>1,874</b>
<b>Resources expended on mission</b>	3						
Ministry & music		285	-	241	-	526	502
Cathedral and precincts upkeep		204	-	35	-	239	254
Education and outreach		73	-	25	-	98	84
Community, parish and congregation		16	2	4	-	22	21
Other expenditure on mission		4	4	882	-	890	673
<b>Total resources expended on mission</b>		<b>582</b>	<b>6</b>	<b>1,187</b>	<b>-</b>	<b>1,775</b>	<b>1,534</b>
<b>Governance costs</b>		<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>10</b>
<b>Net (outgoing) incom ing resources</b>		<b>(23)</b>	<b>(7)</b>	<b>119</b>	<b>(5)</b>	<b>84</b>	<b>330</b>
<b>Other recognised gains (losses)</b>							
Investment property	6	-	-	-	(771)	(771)	866
Non-investment property	8	-	-	-	271	271	220
Investments	7	19	-	23	56	98	303
<b>Gross transfers between funds</b>		<b>1</b>	<b>37</b>	<b>(38)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(3)</b>	<b>30</b>	<b>104</b>	<b>(449)</b>	<b>(318)</b>	<b>1,719</b>
Total funds brought forward		370	62	1,052	17,595	19,079	17,360
<b>Total funds carried forward</b>	13/14/15	<b>367</b>	<b>92</b>	<b>1,156</b>	<b>17,146</b>	<b>18,761</b>	<b>19,079</b>

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

RochesterCathedral

Consolidated Balance Sheet  
as at 31 December 2014

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
		£000	£000	£000	£000	£000	£000
<b>Fixed Assets</b>							
<b>Investment assets</b>							
Property	6	-	-	-	9,599	9,599	10,370
Other investments	7	384	92	366	2,539	3,381	3,214
		384	92	366	12,138	12,980	13,584
<b>Non investment assets</b>							
Property	8	-	-	-	4,833	4,833	4,562
Plant & equipment	9	48	-	-	-	48	39
		48	-	-	4,833	4,881	4,601
<b>Total fixed assets</b>		<b>432</b>	<b>92</b>	<b>366</b>	<b>16,971</b>	<b>17,861</b>	<b>18,185</b>
<b>Current Assets</b>							
Stocks	10	18	-	-	-	18	16
Debtors	11	177	-	137	-	314	147
Cash at bank and in hand		4	-	654	175	833	958
		199	-	791	175	1,165	1,121
<b>Liabilities due within one year</b>							
Creditors	12	(264)	-	(1)	-	(265)	(227)
		(264)	-	(1)	-	(265)	(227)
<b>Net current assets</b>		<b>(65)</b>	<b>-</b>	<b>790</b>	<b>175</b>	<b>900</b>	<b>894</b>
<b>Liabilities due after one year</b>							
		-	-	-	-	-	-
<b>Net assets</b>		<b>367</b>	<b>92</b>	<b>1,156</b>	<b>17,146</b>	<b>18,761</b>	<b>19,079</b>
<b>Funds</b>							
General Fund		366	-	-	-	366	371
Rochester Cathedral Enterprises		1	-	-	-	1	(1)
Father Smith Bequest		-	-	317	-	317	317
Mary Smith (Barnett's Folly) Bequest		-	-	239	-	239	235
Hidden Treasures Fresh Expressions (HIF)		-	-	2	-	2	2
Other funds		-	92	598	-	690	560
Endowment		-	-	-	17,146	17,146	17,595
<b>Total funds</b>	13/14/15	<b>367</b>	<b>92</b>	<b>1,156</b>	<b>17,146</b>	<b>18,761</b>	<b>19,079</b>

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

Approved by Chapter on 13 April 2015 and signed on its behalf by

Canon Dr Philip Hesketh  
Chapter Member

Mr Paul Hudson  
Chapter Member

**Rochester Cathedral**

**Balance Sheet - Cathedral only  
as at 31 December 2014**

	Notes	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
		£000	£000	£000	£000	£000	£000
<b>Fixed Assets</b>							
<b>Investment assets</b>							
Property	6	-	-	-	9,599	9,599	10,370
Investments	7	387	92	366	2,539	3,384	3,214
		387	92	366	12,138	12,983	13,584
<b>Non investment assets</b>							
Property	8	-	-	-	4,833	4,833	4,562
Plant & equipment	9	48	-	-	-	48	11
		48	-	-	4,833	4,881	4,573
<b>Total fixed assets</b>		<b>435</b>	<b>92</b>	<b>366</b>	<b>16,971</b>	<b>17,864</b>	<b>18,157</b>
<b>Current Assets</b>							
Debtors	11	166	-	137	-	303	171
Cash at bank and in hand		(9)	-	654	175	820	952
		157	-	791	175	1,123	1,123
<b>Liabilities due within one year</b>							
Creditors	12	(226)	-	(1)	-	(227)	(200)
		(226)	-	(1)	-	(227)	(200)
<b>Net current assets</b>		<b>(69)</b>	<b>-</b>	<b>790</b>	<b>175</b>	<b>896</b>	<b>923</b>
<b>Net assets</b>		<b>366</b>	<b>92</b>	<b>1,156</b>	<b>17,146</b>	<b>18,760</b>	<b>19,080</b>
<b>Funds</b>							
General Fund		366	-	-	-	366	371
Father Smith Bequest		-	-	317	-	317	317
Mary Johnson Bequest		-	-	239	-	239	235
Hidden Treasures Fresh Expressions (HIF)		-	-	409	-	409	321
Other funds		-	92	191	-	283	241
Endowment		-	-	-	17,146	17,146	17,595
<b>Total funds</b>	13/14/15	<b>366</b>	<b>92</b>	<b>1,156</b>	<b>17,146</b>	<b>18,760</b>	<b>19,080</b>

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

Approved by Chapter on 13 April 2015 and signed on its behalf by

Canon Dr Philip Hesketh  
Chapter Member

Mr Paul Hudson  
Chapter Member

## Rochester Cathedral

### Accounting Policies - For the year ended 31 December 2014

#### 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 as imposed by the donor.
- 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 fair 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
Temporary Buildings	15 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 notionally 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 2014

1. Incoming resources	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2014	2013
	£000	£000	£000	£000	£000	£000
<b>(i) Voluntary income</b>						
Congregational collections and giving	94	-	9	-	103	91
Donations	31	4	32	-	67	53
Income from appeals & fundraising	-	-	-	-	-	-
Tax recovered under Gift Aid	18	-	6	-	24	19
Income from supporter groups & trusts						
Friends of Rochester Cathedral	8	-	-	-	8	208
Rochester Cathedral Trust (see note below)	-	-	271	-	271	365
Legacies	-	-	-	-	-	-
	151	4	318	-	473	736
The Music endowment income raised by the Rochester Cathedral Trust in 2014 amounted to £67k and was transferred to the Cathedral in 2015.						
<b>(ii) Grants receivable</b>						
Church Commissioners	-	1	233	-	234	236
Diocese	-	-	17	-	17	16
Heritage Lottery Fund	-	-	724	-	724	491
Other grants	1	-	21	-	22	20
	1	1	995	-	997	763
<b>(iii) Charges and fees arising in the course of mission</b>						
Fees	82	-	-	-	82	74
	82	-	-	-	82	74
<b>(iv) Income from activities generating funds</b>						
Charges to visitors	7	-	-	-	7	6
Retail	42	-	-	-	42	28
Catering	254	-	-	-	254	232
	303	-	-	-	303	266
<b>(v) Income from investments</b>						
Investment property income	457	-	-	-	457	458
Other investment income	74	-	27	-	101	89
Interest from short-term deposits	7	-	-	-	7	4
	538	-	27	-	565	551
<b>(vi) Other incoming resources</b>						
Insurance claims	-	-	-	-	-	-
	1075	5	1340	-	2420	2390

2. Costs of generating funds	Unrestricted	Designated	Restricted	Endowment	Total	Total
	Funds	Funds	Funds	Funds	2014	2013
	£000	£000	£000	£000	£000	£000
Facilities for visitors	11	-	-	-	11	12
Services directly recoverable	22	-	-	-	22	13
Retail	38	-	-	-	38	30
Catering	256	-	-	-	256	229
Marketing costs	2	-	-	-	2	3
Costs of appeals and fundraising	5	-	-	-	5	5
Investment property costs						
Estate projects (Note 4)	82	6	-	-	88	81
Other investment property costs	75	-	-	-	75	84
Investment management	-	-	-	5	5	7
Support costs	15	-	34	-	49	52
	506	6	34	5	551	516

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 2014**

<b>3. Expenditure on mission</b>	<b>Unrestricted</b>	<b>Designated</b>	<b>Restricted</b>	<b>Endowment</b>	<b>Total</b>	<b>Total</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>(i) Ministry &amp; music</b>						
Clergy stipends and working expenses	-	-	138	-	138	136
Clergy housing costs	22	-	-	-	22	14
Clergy support costs	22	-	-	-	22	22
Services and music	222	-	62	-	284	272
Ministry support costs	19	-	41	-	60	58
	<b>285</b>	<b>-</b>	<b>241</b>	<b>-</b>	<b>526</b>	<b>502</b>
<b>(ii) Cathedral and precincts upkeep</b>						
Major projects (note 4)	-	-	11	-	11	19
Maintenance and interior upkeep	126	-	3	-	129	135
Insurance	25	-	-	-	25	24
Precincts security and gardens upkeep	44	-	-	-	44	42
Support costs	9	-	21	-	30	34
	<b>204</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>239</b>	<b>254</b>
<b>(iii) Education and outreach</b>						
Educational activities	61	-	8	-	69	59
Archives & library	-	-	-	-	-	1
Charitable giving	8	-	9	-	17	12
Support costs	4	-	8	-	12	12
	<b>73</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>98</b>	<b>84</b>
<b>(iv) Community, parish and congregation</b>						
Community, parish and congregation costs	14	2	-	-	16	15
Support costs	2	-	4	-	6	6
	<b>16</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>22</b>	<b>21</b>
<b>(v) Other expenditure on mission</b>						
Interest and similar charges	2	-	-	-	2	2
Care of chancels	2	4	4	-	10	23
Hidden Treasures project (ILF) (Note 4)	-	-	878	-	878	648
	<b>4</b>	<b>4</b>	<b>882</b>	<b>-</b>	<b>890</b>	<b>673</b>
	<b>582</b>	<b>6</b>	<b>1,187</b>	<b>-</b>	<b>1,775</b>	<b>1,534</b>

**4. Major Projects - gross cost (Note 2)**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>Total</b>
<i>Start date</i>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Estate Projects</b>					
East Canonry refurbishment	2010/11	-	2	6	19
78 High Street floor repair	2010/11	-	-	(1)	58
Phoenix House external repairs	2011	-	-	-	9
Phoenix House refurbishment	2011	-	-	-	7
Flat 1a College Yard refurbishment	2011	-	-	-	6
Precinct Panty roof repairs	2011	-	-	-	13
70 High Street	2011	-	-	(7)	-
Prebendal House	2012	-	2	7	-
70 High Street - window	2012	1	1	35	-
Deanery Wall	2012	34	1	7	-
3/5 St Margaret's Street - roof and repairs	2013	2	75	-	-
Deanery bodge refurbishment	2014	31	-	-	-
Precinct panty external decorations	2014	20	-	-	-
Others under £5,000	2010/11	-	-	5	4
		<b>88</b>	<b>81</b>	<b>42</b>	<b>116</b>
		<b>327</b>			

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2014

#### 4. Major Projects - gross cost (Note 2)

	2014	2013	2012	2011	Total
	Funds	Funds	Funds	Funds	Funds
	£000	£000	£000	£000	£000
<b>Cathedral major projects (Note 3)</b>					
Crypt major works	2008/09	-	-	31	31
Treasury Roof	2009/10	-	4	-	4
Tudor Gateway	2010/11	-	4	9	13
Clock conservation	2010/11	-	1	10	11
Others under £5,000		3	9	5	22
Other Projects (not ongoing)		-	10	-	10
Quinquennial fees and costs		8	-	-	8
		11	19	14	55
					99

#### 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 2013. Early work discovered in-situ remains of the Norman Cathedral and resulted in major delays and an increase in the grant award from the Heritage Lottery Fund to £4.1m and then to £4.5m. The works are expected to be completed in 2015.

#### 5. Support costs

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

	Direct costs	Support costs	Total 2014	Direct costs	Support costs	Total 2013
	£000	£000	£000	£000	£000	£000
Funds generation	502	49	551	464	52	516
Ministry	466	60	526	444	58	502
Cathedral precincts upkeep	209	30	239	220	34	254
Education and outreach	86	12	98	72	12	84
Community, parish and congregation	16	6	22	15	6	21
Governance	10	-	10	10	-	10
	1,289	157	1,446	1,225	162	1,387

#### 6. Investment property

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000	£000
Value at 1st January 2014	-	-	-	10,370	10,370	10,069
Disposal	-	-	-	-	-	(65)
(Loss)/Gain on revaluation	-	-	-	(71)	(71)	86
Value at 31st December 2014	-	-	-	9,599	9,599	10,370

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. Following the withdrawal of the external benchmark the properties were valued in 2014 by reference to the specific yield values applicable to the area and the portfolio.

This new basis of valuation resulted in a collective reduction in the value of investment property held at the end of the year.

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

#### 7. Other investments

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2014	Total 2013
	£000	£000	£000	£000	£000	£000
Value at 1st January 2014	389	60	342	2,423	3,214	2,744
Additions/disposals	(3)	11	1	60	69	167
Net increase on disposals and revaluation	19	-	23	56	98	303
Value at 31st December 2014	405	71	366	2,539	3,381	3,214
Listed equity securities	45	-	42	1,557	1,644	1,642
Listed fixed interest stocks	22	-	20	732	774	1,003
CBF Church of England Funds	335	-	167	-	502	342
CBF Property Funds	-	-	108	152	260	135
Cash investments	3	71	29	98	201	92
	405	71	366	2,539	3,381	3,214

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

No individual equity holding amounts 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 2014

8. Non-investment property	Unrestricted	Endow ment	Restricted	Endow ment	Total	Total
	Funds	Funds	Funds	Funds	2014	2013
	£000	£000	£000	£000	£000	£000
Freehold value at 1st January 2014	-	-	-	4,562	4,562	4,342
Net increase/(decrease) in revaluation	-	-	-	271	271	220
Freehold value at 31st December 2014	-	-	-	4,833	4,833	4,562
For Cathedral use	-	-	-	4,652	4,652	4,370
For Trading purposes	-	-	-	181	181	192
	-	-	-	4,833	4,833	4,562

No investment properties are held by the subsidiary company.

9. Plant and equipment	Temporary	Plant	Computer	Fixtures &	Total	Total
	Buildings		Equipment	Fittings	2014	2013
	£000	£000	£000	£000	£000	£000
Cost brought forward at 1st January 2014	-	67	18	47	132	144
Additions	13	6	-	26	45	8
Disposals	-	(26)	-	(45)	(71)	(20)
Cost carried forward at 31st December 2014	13	47	18	28	106	132
Depreciation brought forward at 1st January 2014	-	48	14	32	94	103
Charge for year	-	4	2	3	9	11
On disposals	-	(15)	-	(30)	(45)	(20)
Depreciation carried forward at 31st December 2014	-	37	16	5	58	94
Net book value	13	10	2	23	48	38

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

10 Stocks	Retail	Catering	Total	Total
	£000	£000	2014	2013
	£000	£000	£000	£000
Value at lower of cost or net realisable value	15	3	18	16

All the stocks above are held in the subsidiary company.

11 Debtors due within one year	Unrestricted	Designated	Restricted	Endow ment	Total	Total
	Funds	Funds	Funds	Funds	2014	2013
	£000	£000	£000	£000	£000	£000
Trade debtors	90	-	-	-	90	47
Grants	-	-	137	-	137	5
Other	70	-	-	-	70	79
Prepayments	7	-	-	-	7	10
	167	-	137	-	304	141

Of the above, £28k are held in the subsidiary company.

12. Creditors falling due within one year	Unrestricted	Designated	Restricted	Endow ment	Total	Total
	Funds	Funds	Funds	Funds	2014	2013
	£000	£000	£000	£000	£000	£000
Trade creditors	27	-	-	-	27	29
Other	170	-	1	-	171	168
Accruals and deferred income	57	-	-	-	57	30
	254	-	1	-	255	227

Of the above, £28.5k are held in the subsidiary company.

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2014

13. Designated Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2014			Movements		31 Dec 2014
	£	£	£	£	£	£
Chancel's Sinking Fund	33,092	1,297	(8,975)	-	5,000	35,414
Organ Sinking Fund	-	2,191	-	-	32,330	34,521
Music Outreach Fund	9,239	-	-	-	-	9,239
AngelSpace	1,773	-	-	-	-	1,773
Education Fund	3,779	-	(50)	-	-	3,729
Missioner Fund	2,432	-	-	-	-	2,432
Precentors Fund	236	-	-	-	-	236
Pastor's Fund	983	-	-	-	-	983
India Travel Fund	1,309	770	(564)	-	-	1,515
Stewards Fund	509	279	(273)	-	-	515
Dean's Fund	322	-	-	-	-	322
Junior Church Fund	719	-	(719)	-	-	-
Cathedral lighting	1,000	-	-	-	-	1,000
Capital Improvement Fund	6,178	-	(6,178)	-	-	-
Roof Tiles Fund	-	534	-	-	-	534
	61,571	5,071	(11,759)	-	37,330	92,213

#### 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
Roof Tiles Fund	Donations for the Library roof tiles, to be held for quinquennial costs

**RochesterCathedral**

**Notes to the Accounts - For the yearended 31 Decem ber 2014**

14. Restricted Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2014			M ovements		31 Dec 2014
	£	£	£	£	£	£
Church Com m issioners'Restricted	-	249,645	(249,645)	-	-	-
FatherSm ith Bequest	317,485	-	-	-	-	317,485
M ary JSm ith (Banett's Fo lly) Bequest	234,842	10,020	(27,000)	20,945	-	238,807
HJHoby Bequest - Capital	86,094	-	(127)	2,245	-	88,212
HJHoby Bequest - Income	14,242	2,654	-	-	-	16,896
Doris Co.In ore Peters Bequest	20,964	105	-	-	-	21,069
Hidden Treasures Fresh expressions (HIF2)	320,549	966,496	(878,434)	-	-	408,611
Cathedral Projects fund	1,728	21,800	(10,701)	-	(11,269)	1,558
Music fund	-	34,991	(34,991)	-	-	-
Organ Sinking Fund	27,330	-	-	-	(27,330)	-
Roman Wall Fund	7,724	-	(956)	-	-	6,768
Chennai project fund	7,549	10,550	(8,350)	-	-	9,749
Chennai-Team Charlie	-	23,060	(650)	-	-	22,410
EV Family Fun Day	476	178	(437)	-	-	217
Homeless (Emmaus)	1,000	-	-	-	-	1,000
Garth Roses	3,611	85	-	-	-	3,696
Lest We Forget Fund	-	7,000	(7,489)	-	489	-
Embroidery fund	1,316	6	-	-	-	1,322
Library Fund	780	5	-	-	-	785
Choir fund	500	-	-	-	-	500
Flower Guild	2,555	2,693	(2,602)	-	-	2,646
Youth Fund	2,045	5,984	-	-	-	8,029
Congregation Fund	1,659	4,101	-	-	-	5,760
	<b>1,052,449</b>	<b>1,339,373</b>	<b>(1,221,382)</b>	<b>23,190</b>	<b>(38,110)</b>	<b>1,155,520</b>

**Restricted Funds - description**

Restricted Funds - description		Incom e/ capital
Church Com m issioners'Restricted	To meet stipends and associated costs of clergy	Both
FatherSm ith Bequest	This fund derived from the will of Revd CL Sm ith. 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
M ary JSm ith (Banett's Fo lly) 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 Co.In ore 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	This fund was found to comprise of designated transfers from Chapter general funds and consequently is transferred to designated funds	
Roman Wall Fund	For maintenance of the Roman Wall	Both
Chennai project fund	For constructing a church near Chennai, India	Both
Chennai Team Charlie	Fundraising for sports centre at Chennai	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
Lest We Forget Fund	HIF Funded WW1 exhibition	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 2014**

15. Endowment Funds	Balance at	Income	Expenditure	Investment	Transfers	Balance at
	01 Jan 2014			Movements		31 Dec 2014
	£	£	£	£	£	£
General endowment	17,078,233	-	(3,679)	(453,248)	-	16,621,306
Music endowment	517,208	-	(1,018)	8,307	-	524,497
	<u>17,595,441</u>	<u>-</u>	<u>(4,697)</u>	<u>(444,941)</u>	<u>-</u>	<u>17,145,803</u>

**Endowment Funds – description**

Endowment Funds – description	Income/capital
General endowment	Permanent endowment to generate income for the Cathedral
Music Endowment	Raised by Rochester Cathedral Trust for the provision of music

**16. Staff numbers**

The average full time equivalent number of paid staff working for the Cathedral during the year was 30 (2013:30).

	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	1.5
	<u>28.6</u>

Of the above, members of Chapter numbered 34 (2013:34)

**17. Staff costs**

Salaries & Stipends	Employers' NI	Employers' Pension	Total 2014	Total 2013
£000	£000	£000	£000	£000
821	60	58	939	906

The aggregate remuneration of Chapter members included above was £137.5k (2013: £135.4k). 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 Employers NI)	Employers' Pension
The Dean	36,390	10,615
Canon Precentor	28,524	8,492
Canon Pastor	28,342	8,492
Archdeacon (20% attributable to the Cathedral)	7,149	2,123
Canon Missioner (20% attributable to the Cathedral)	5,744	1,698

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

£3,609 (2013: £5,434) in expenses were paid in total to the 8 (2013:8) 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	Son of Ven S Burton-Jones	106
Mrs S Gray – Education officer	Wife of Canon Andrew Gray	14,803
Canon P Kerr – clergy support	Husband of Canon Jean Kerr	149

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 £9,446 (2013: £9,028)

## Rochester Cathedral

### Notes to the Accounts - For the year ended 31 December 2014

#### 22. Contingent Liability

The Chapter has 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 £2k to the Cathedral during the period (2013: £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 31/12/14	y/e 31/12/13	y/e 31/12/14	y/e 31/12/13
	£000	£000	£000	£000
	(Draft)	(Draft)		
Gross income	50	47	168	282
Net income	26	(195)	(92)	(45)
Amount paid to the Cathedral	8	227	208	267
Gross Assets	990	997	124	216
Net Assets	952	985	123	215

#### 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.