

PORTSMOUTH CATHEDRAL

**THE CATHEDRAL CHURCH OF
ST THOMAS OF CANTERBURY
PORTSMOUTH**

REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2016

**PORTSMOUTH CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

CONTENTS	Page
Preface	2
Annual Report of the Chapter	3
Independent Auditor's Report	14
Statement of Financial Activities	15
Balance Sheet	16
Cash Flow Statement	17
Note the Financial Statements	18

PORTSMOUTH CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

PREFACE

This year's Annual Report and Audited Accounts has been produced in accordance with the 2015 Accounting and Reporting Regulations for English Anglican Cathedrals, prepared for the Cathedrals Administration and Finance Association and specified by the Church Commissioners, under Section 27 of the Cathedrals Measure 1999. A copy of the Regulations may be read in the reception area of the Cathedral office.

A simplified version of the accounts is again being made available at the Annual Parochial Church Meeting this year, together with a full report of the activities of the Cathedral and its various groups.

To reduce printing costs, this formal version of the report will be made available on the Cathedral website: www.portsmouthcathedral.org.uk.

Paper and large print copies can be made available for those who wish to have them; please ask for a copy from my Personal Assistant in the Cathedral Office, telephone: 023 9289 2963, email: liz.snowball@portsmouthcathedral.org.uk.

David Brindley

Dean of Portsmouth

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF PURPOSE

Encountering God through transformative worship, challenging discipleship, generous hospitality and prayerful engagement.

Portsmouth Cathedral is a distinctively spiritual and prayerful space, into which everyone is welcome to come; a Christian community committed to promoting social justice, equality and compassion. In grateful response to God's goodness we will act ethically and responsibly in managing our resources and in caring for the environment.

Transformative Worship

We will be a centre of excellence for liturgy and music. Our worship will be beautiful, relevant, creative and engaging. It will be transformative in that each act of worship offered and experienced will leave us changed and better prepared to serve God in the world.

Challenging Discipleship

We will provide a wide range of educational opportunities for children, young people and adults which will deepen our understanding of the Christian faith and how it relates to the world in which we live. It will develop our spirituality and challenge us to model our lives after the example of Jesus Christ.

Generous Hospitality

We will be an inclusive Christian community where all are welcomed. We will model our life together so that we can offer not only an initial welcome but ongoing hospitality to regular members, occasional visitors, concert goers, exhibition visitors, the local community, the City and the Diocese of Portsmouth.

Prayerful Engagement

Our pattern and rhythm of prayer and worship will equip us to serve our local parish community, the City of Portsmouth, the Bishop, the Diocese and beyond in relevant practical ways which have a positive impact on the lives of others and help to build the Kingdom of God.

Responsible Stewardship

We will be responsible stewards of all that God has given to us: money, property, time, talents and natural resources. Funds will be invested in accordance with the Statement of Ethical Investment Policy issued by the Church of England Investment Advisory Group and we will maintain and protect all the Cathedral's properties and review our energy policies and practices in line with the Church of England's commitment to reduce its carbon emissions by 80% by 2050.

Chapter in furthering its purpose has had regard to the Charity Commission's guidance on public benefit and further details of our Development Plan and its outworking are available on the website.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

MISSION AND REVIEW OF ACTIVITIES

The Role of the Cathedral in the Diocese

Every day throughout the year prayers are offered in the Cathedral for the parishes in the Diocese, their clergy, office holders and parishioners. The Cathedral provides the venue (and the organisational, administrative and musical support) for a number of Diocesan services, such as ordinations and confirmations, and other major events. The Cathedral also hosts civic occasions locally, nationally and internationally.

Chapter members and Cathedral Staff actively participate in the Mission and Ministry of the Diocese, serving on the Bishop's Staff and many Diocesan committees and working groups. Time spent by Chapter members on Diocesan tasks (which can be significant) in the regular and normal course of their work, whether for formal joint events or work which they undertake voluntarily, is not charged to the Diocese. It is felt that to do so would be inconsistent with our common mission and ministry. Cathedral clergy and lay ministers regularly take services in churches throughout the diocese to cover sickness, leave and interregnum and are happy to do so where Cathedral duties permit. In 2016 Cathedral clergy led or participated in over 130 services in parishes around the Diocese.

The reports of activities of the various groups in the booklet issued at the APCM show a high level of commitment and we are grateful to staff and volunteers for their hard work and support.

Following a review of its mission and vision with key stakeholders, Chapter launched its 2015-19 'Development Plan' in September 2014 and has throughout 2016 continued to work through its 'Goals and Key Actions' (as set out below). A review of the Development Plan will be undertaken in 2018. Significant outcomes from our Development Plan in 2016 were:

Transformative Worship

- In line with other cathedrals nationally, attendance at services in Portsmouth shows a modest weekly increase. Attendance at the major festivals of Christmas and Easter showed significant increases in 2016, including over 7,000 people at our main Christmas services. Attendance at midweek services, such as Wholeness and Healing Communion, continues to increase,
- Messy Cathedral – this goes from strength to strength with numbers exceeding 70 on a regular basis.
- Toddlers' Service – this continues to do well with new families most weeks and demonstrates a valuable support network.
- The Cathedral Consort has developed and strengthened. New members have been recruited and Consort now sings regularly and has helped in the development of a regular pattern of Choral Evensong on Saturdays.

Challenging Discipleship

- Annual Theme – during 2016 our focus has been 'Faiths: Connected'. Gatherings with the Muslim, Sikh and Hindu communities have taken place, and our common spirituality has been explored through art installations. A course in the autumn exploring the belief and practices of world religions was well attended. The contribution to community cohesion and understanding resulting from this annual theme has been widely commented on.
- The 'Living Faith' course introduced to the Diocese by Canon Rustell has been pioneered in the Cathedral. It has attracted attendance from across the Diocese in addition to nurturing vocations.
- Modern Slavery and Mental Health events in partnership with other organisations have taken place.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

Generous Hospitality

- The Quiet Room has been reopened as a recognised space in the Cathedral and is being used regularly for personal prayer and small prayer meetings.
- Real coffee is now offered at services and events using a system from The Sailors' Society. Plans have been drawn up to refurbish the Cathedral House kitchen and to install a small kitchenette in the Cloister to enable us to offer hospitality more easily in the Cathedral itself.
- We continue to encourage 'Fairtrade' principles and where possible use or sell 'Fairtrade' goods and items.
- An enthusiastic and growing team of Welcomers is now in place who work alongside the Sidespeople to ensure that all people, especially visitors and newcomers are welcomed and introduced to others. This is proving very effective.
- We registered with the 'Inclusive Church' scheme in September, which seeks to address the issues of accessibility, age, gender and sexuality as its aims fit with our Development Plan.
- Staff time has been temporarily increased to facilitate the introduction an 'employability scheme' through the means of volunteering, based on the successful Manchester Cathedral 'Volition' project.
- The Welcome Area is nearly complete with displays and furniture in sympathy with the building. Meetings are currently taking place to explore a Cathedral App for visitors.
- The Cathedral Shop continues to be a source of income and visitor and pastoral care. Discussions are underway as to how it might develop in the future.
- An annual College of Canons dinner has been established and Honorary Canons are now part of the rota for preaching.
- Parishes are invited to the Cathedral for a visit, tea and to attend the evening service.
- Communications have improved both internally and externally, with social media and leaflets in particular but there is still some work to be done in the area.

Prayerful Engagement

- Cathedral Sing – this continues to go from strength to strength delivering high quality experience of group singing to schools across the Diocese and working with around 120 children a year.
- Junior Sing runs on a Saturday morning and, working with local schools, seeks to introduce local children to singing as part of a choir.
- Education – our Education Officer has increased the number of workshops, utilising existing and new volunteers. The pattern of workshops and visits has been reviewed, and 2,922 children have either visited the Cathedral or taken part in or taken part in events at their own schools and churches.
- Portsmouth Deanery – we are supporting a number of Deanery initiatives, specifically the 'Older Person's Advocate' scheme.
- Cathedral Innovation Centre – part of Cathedral House is leased to the CIC to promote, develop and assist fledgling businesses. During 2016 the CIC supported 28 start-up businesses and continues to develop its national recognition with new projects planned in other cities and countries.
- 'Viewpoint' – Each year the Cathedral is the venue for a variety of concerts and exhibitions, and in 2016 this important outreach continued, with the 'Viewpoint' Artists in Residence programme being a major focus.
-

Responsible Stewardship

- Organ Stop – a new trumpet organ stop has been approved by CFCE, and will be installed during 2017.
- Sound system – after presentations from a number of sound installation companies, Chapter commissioned a new system at the end of 2016 which was installed in early 2017.
- Essential Repair Work – successful applications to the First World War Centenary Cathedral Repairs Fund (FWWCCRF) has enabled extensive repair work to be undertaken to the internal South Transept wall, external Eastern Chancel wall and very significant structural works to the Tower which were completed in 2016. A further application resulted in notification in late 2016 that we have been successful in securing £240,000 for repair work to the Cloister.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

- Energy Management – the Cathedral Heating system was fully serviced and flushed during 2016, and Portsmouth University students have been undertaking a thermographic survey on the building the results of which will be reported on in the spring of 2017 and inform future decisions on the upkeep and maintenance of the Cathedral.
- Parish Giving Scheme – we have encouraged regular giving through the introduction of the ‘Parish Giving Scheme’ a donation management scheme that optimizes the collection of Gift Aid and gives the option of automatic annual increases in line with inflation.
- Eco Church – we were granted A Rocha’s bronze award in 2016 and are working towards the silver award.

The maintenance and repair of the Cathedral and its various properties has continued. The major repair works to the Tower and Cupola to prevent leakage in the future and very significant structural renewal of timbers and steels in the Belfry restoring the Tower’s structural integrity was completed in the early summer of 2016. The majority of this work was funded by the FWCCRF. As part of this process we delivered a number of specialist public tours of the Tower during 2016.

2016 saw the completion of the programme to replace the windows in Cathedral House. New kitchens were fitted in both the Deanery and 29 Penny Street together with a bathroom in the latter.

FINANCE

Statement of Financial Activities

The net figure of expenditure over income of c£187,500 is because of: Chapter’s commitment to delivering on our Development Plan activities; our planned programme of repair and renovation to our properties, rectifying the neglect of these over the last 25 years, because of previous lack of funds, making them fit for purpose; and the cost, over and above grants awarded, as a result of the very significant required structural work on the tower.

Balance Sheet

The majority of what had previously (2015) been identified under ‘Endowment Funds’, funds received from the William Groves legacy, is now more accurately identified under ‘Unrestricted Funds’ as ‘Designated’. Our investments, valued as of 31 December at £2,175,985, have risen in the first quarter of 2017 by around £73,000. It should be noted that of the c£3.2 million assets identified as property the majority of this comprises of Cathedral House, our offices, staff flats and community facilities; and clergy housing.

General

Legacy income of £46,830 is slightly more than the annually budgeted figure of £40,000; income from investments is slightly less on the previous year because of some reduction in our total investments; expenditure on pensions is less because of back payments made in 2015; the net book value of our properties is up slightly because of the capital improvements made to our properties as indicated above.

Investment Policy

Chapter aims to keep a portfolio of investments that adopts a balanced approach to risk. The attainment of long-term objectives requires the acceptance of a level of investment risk, which manifests itself primarily in the fluctuation of the capital value.

Chapter, following its plan to review the performance of its investments, decided to rationalize its investment portfolio further to the better performing and more clearly ethical portfolio of CCLA, and in September 2016 the value of the investments previously held with Sarasin Partners LLP were transferred to CCLA. Funds are required to be invested in accordance with the Statement of Ethical Investment Policy issued by the Church of England Advisory Group. Responsibility for the management of this policy rests with Chapter, but it is advised by its FIC to which Chapter has delegated decision making on investment matters.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

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. Maintaining general and designated reserves protects the Cathedral against a sudden deterioration in its financial results (e.g. a significant drop in income or a major repair project). It also provides a buffer in the event of long-term planning or restructuring. Chapter's aim is to retain a short-term reserve of at least six months of ordinary activity to protect the Cathedral's operations. Chapter has the discretion to set aside unrestricted funds for designated purposes. Presently there is one designated fund, arising from a legacy, and set aside for longer term application whilst the balance of unrestricted reserves is held as a general fund.

Whilst the net current assets of £92,099 held by the general fund are considerably less than six months' ordinary activity, the Chapter is content that this amount is adequate given that the designated fund holds an amount in excess of £2m in readily realisable investments.

Risk Management

Chapter has identified the major risks to which it may be exposed to and has set in place systems and procedures to mitigate them. There are sound internal controls in force to safeguard the Cathedral's assets. Suitable accounting policies and practice are long established and appropriate and required insurance is held. A five-year Development Plan is in place and budgets are set annually and measured monthly against actual outcomes.

The principal risks and uncertainties facing the Cathedral and the strategies in place for managing them are as follows:

- *Failure to accomplish our purpose* – Our Development Plan gives direction to our worship and work and this is regularly monitored by staff and Chapter.
- *Failure to meet statutory and regulatory requirements* – Our accounts are audited annually, safeguarding issues and health and safety matters are regularly monitored through the senior staff team and by Chapter and we are advised on employment and HR matters by an independent specialist advisor.
- *Negative publicity and damage to reputation* – A formal complaints procedure is in place, publications are checked by senior staff, and Chapter receives and responds to criticism.

Future Plans

Chapter continues to work through its Development Plan and expects in 2017 to:

- *Worship and Service* – maintain its rhythm of daily liturgy, continue to develop Fresh Expressions of worship and discipleship courses and continue its education workshops.
- *Annual Theme* – work through its annual theme programme focusing on environmental issues.
- *Sustainability* – research into alternative income generation streams and how they can be incorporated into the Cathedral's operations together with a review of our budget and Reserves Policy over the next 5 years with a view to how income can be increased, costs reduced and develop our strategy for long term sustainability.
- *Cathedral Cloister* – undertake significant work to the Cathedral Cloister repairing various windows on the north side, pointing open joints to masonry, fitting lead flashing etc. and general works to tackle water ingress. The majority of this to be funded through the FWWCCRF and Listed Places of Worship scheme.
- *Tower Interior Fire Glazing* – undertake this work, recommended by our insurers, to be incorporated into the specification for the Cloister works and will be funded from our own resources.
- *South Elevation* – consider undertaking improvements to the south side of the Cathedral as prioritised by our architect as needing attention this year.
- *Organ Stop* – install 'Trompeta de Mar' en chamade, a new Spanish trumpet solo stop of pipes at the west end of the Nave. Funding for this through a grant of a legacy and by donation. The final phase of work is planned for September.
- *Volition* – implement our 'Volition' project, an 'employability scheme', training and supporting those seeing work through offering education skills, work experience and mentoring with local educational and business partners. It is anticipated that key 'partners' will be Job Centre Plus, the City Council, local colleges and businesses, and that the volunteer programmes will begin in the autumn. Funding for this exciting project is currently being sought.
- *Staff Handbook and Policies* – revise and implement a new Staff Handbook and attendant policies with advice from our HR Adviser.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

STRUCTURE AND MANAGEMENT (GOVERNANCE)

The authorities listed in this section each have a specific role in the governance of the Cathedral.

The Chapter of the Cathedral

The Chapter of the Cathedral comprises: the Dean *ex officio*, who is chairman and has a casting vote; all Residentiary Canon of the Cathedral *ex officio*; the Chairman of the Finance and Investment Committee *ex officio*; and up to three lay persons appointed by the Bishop of Portsmouth after consultation with the Dean and the Cathedral Council, which is described on page 8.

The Vicar of the Parish is *ex officio* the Dean whilst the Residentiary Canons are appointed by the Bishop after consultation with the Chapter.

New members of Chapter receive induction and training from the Chapter Clerk and are also encouraged to attend external training provided by The Association of English Cathedrals.

The Cathedrals Measure 1999 requires that it shall be the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral and in particular, to:

- Order the worship and promote the mission of the Cathedral;
- Formulate, after consultation with the Bishop, proposals in connection with the general direction and mission of the Cathedral and submit them to the Council for its advice;
- Prepare an annual budget for the Cathedral;
- Submit to the Council the annual report and audited accounts prepared by the Chapter and such other reports as may be requested by the Council on any matter concerning the Cathedral;
- Submit to the College of Canons the annual report and audited accounts prepared as aforesaid;
- Keep under review the Constitution and Statutes of the Cathedral and submit any proposals for their revision to the Council;
- Manage all property vested in the Cathedral and the income accruing from it and, in particular, ensure that necessary repairs and maintenance in respect of the Cathedral and its contents and other buildings and monuments are carried out, and
- Perform such other functions as may be prescribed.

The Chapter is the ultimate decision-making body of the Cathedral and responsible for all strategic matters. The Chapter also has the responsibilities in relation to the accounts as set out on page 12

A list of Chapter members is shown on page 9.

Staff and volunteers

The Chapter is assisted in the day-to-day implementation of its decisions by a team of paid staff led by the Chapter Clerk, together with numerous volunteers.

The policy on the remuneration of paid staff, including the Chapter Clerk, is determined by the Chapter.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

Finance and Investment Committee

The Constitution requires the setting up of a Finance Committee, known as the Finance and Investment Committee (FIC), with the function of advising the Chapter in connection with its responsibilities in the field of financial and investment management. Chapter receives and acts with the guidance and the advice given to it by FIC. The Chapter appoints the members of this Chapter sub-committee. At the end of 2015 Caroline Speller retired with John Hill being appointed as Chair in March 2016. Georgianna Rustell was appointed as a member in November 2016 and Caroline Willett was appointed as a member in March 2017

The Members of the Committee are listed on page 9.

Fabric Advisory Committee

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

There are eight voting members of the Fabric Advisory Committee, four appointed by the Cathedrals Fabric Commission after consultation with the Chapter, and four by the Chapter after consultation with the Commission. The members appoint a Chairman from among their own number. The Dean and Chapter Clerk attend meetings on behalf of the Chapter, and other Chapter members are free to attend; no members of the Chapter have a vote. The Cathedral Archaeologist, and the Cathedral Architect have, under Section 4 of the Care of Cathedrals Measure 1990, a duty to attend meetings, although neither has a vote.

The quinquennial for appointments to FAC's nationally fell in 2016. Ann Elliot retired and was replaced by David English as a CFCE nominee. Jane Jones-Warner was elected by the committee to serve as its Chair for the next five years.

Members of the Committee are listed on page 9.

Cathedral Council

It is the duty of Cathedral Council to support the spiritual, pastoral, evangelistic, social, and ecumenical work of the Cathedral Church, to receive and to consider the annual budget and annual accounts, to reviewing and to advise Chapter accordingly.

Portsmouth Cathedral Development Trust (PCDT)

The Trust was formed originally in the 1980s and exists principally to receive funds from appeals made on the Cathedral's behalf and to make grants to the Cathedral in accordance with the terms of the Trust Deed and the relevant appeal.

The Trust presently holds funds arising from such appeals and releases them to the Cathedral under the terms of the Trust Deed.

As a separate Charity with its own body of trustees, PCDT prepares its own annual accounts which are submitted to the Charity Commissioners. PCDT is chaired by Major General Martin White.

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

LEGAL AND ADMINISTRATIVE DETAILS

Members of the Chapter

The Very Revd David Brindley, *Dean of Portsmouth*

The Revd Canon Peter Leonard, *Canon Chancellor*

The Revd Canon Nicholas Ralph,

Director of Social Enterprise and Engagement, Diocese of Portsmouth

The Revd Canon Dr Anthony Rustell,

Head of Mission, Discipleship and Ministry, Diocese of Portsmouth

The Revd Canon Dr Joanna Spreadbury, *Canon Precentor*

Mrs Fiona Alsop

Mr Jeremy Barrett (*until November 2016*)

Mr John Hill (*Chairman of the FIC*) (*from March 2016*)

In attendance

The Chapter Clerk

The Churchwardens: Emeritus Professor Michael Purvis
Mrs Susan Ward (*until April 2016*)
Mrs Sheila Picton (*from April 2016*)

The Assistant Curate

The Dean's PA as Secretary

Members of the Finance and Investments Committee

Mr John Hill (*Chairman, from March 2016*)

The Very Revd David Brindley (*Dean, ex officio*)

Mr Paul Mitchell

Mrs Georgianna Rustell (*from November 2016*)

Ms Caroline Willett (*from March 2017*)

In attendance

The Chapter Clerk

Members of the Fabric Advisory Committee

Mrs Jane Jones-Warner (*Chair from February 2016*)

Mr Deane Clark (*Acting Chairman until February 2016*)

The Revd Canon Jeremy Davies

Mrs Ann Elliot (*until April 2016*)

Mr David English (*from November 2016*)

Dr Karen Fielding

Mr Robert Hunt

Mr John Pike

Emeritus Professor Michael Purvis

In attendance

The Dean

The Cathedral Architect

The Cathedral Archaeologist

The Chapter Clerk as Secretary to the FAC

Mrs Finni Robertson-Golden - Observer

The Dean's PA as Assistant Secretary to the FAC

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

Members of the Cathedral Council

Miss Kate Branigan QC, Chairman

The Dean

Councillor Ryan Brent

Mr James Blott (*until November 2016*)

Mr David Carpenter

Sir John Chadwick

Mrs Shirley Grayson-Smith

The Revd Wendy Kennedy

Mrs Sarah Page

Canon Susan Rodgers (*until September 2016*)

Canon David Bennison (*from September 2016*)

The Revd Canon Dr Anthony Rustell

Mr Nicholas Speller

Commodore Andrei Spence Royal Navy (*until June 2016*)

Commodore Andrew Jameson Royal Navy (*from November 2016 until February 2017*)

The Revd Canon John Draper (*from September 2016*)

Mr Richard Smout (*from July 2016*)

In attendance

The Bishop of Portsmouth

The Chapter Clerk as Clerk to the Council

The Dean's PA as Secretary

**Cathedral Administrator, Chapter Clerk, Clerk to the Cathedral Council
and Secretary to the Fabric Advisory Committee**

Mr Peter Sanders

Cathedral Offices

64-68 St Thomas's Street

Old Portsmouth

Hampshire

PO1 2HA

Cathedral Organist and Master of the Choristers

Dr David Price

PORTSMOUTH CATHEDRAL

ANNUAL REPORT OF THE CHAPTER

FOR THE YEAR ENDED 31 DECEMBER 2016

Cathedral Architect

Mr Simon L. Ablett
Ablett Architects
Kingfisher House
21-23 Elmfield Road
Bromley
Kent
BR1 1LT

Archaeological Consultant

Mr Richard Whinney
9 Pinegrove Road
Sholing
Southampton
Hampshire
SO9 2PD

Bankers

Lloyds Bank
2-4 Palmerston Road
Southsea
Hampshire
PO5 3QH

Investment Managers

CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Solicitors

Brutton & Co
West End House
288 West Street
Fareham
Hampshire
PO16 0AJ

Auditor

haysmacintyre,
26 Red Lion Square
London
WC1R 4AG

PORTSMOUTH CATHEDRAL

STATEMENT OF CHAPTER'S RESPONSIBILITIES IN RELATION TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 these regulations or describing which regulations 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.

Approved by the Chapter on 21 March 2016 and signed as authorised on their behalf by:


The Very Reverend David Brindley - Dean of Portsmouth

21 March 2017

PORTSMOUTH CATHEDRAL

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER OF
PORTSMOUTH**

FOR THE YEAR ENDED 31 DECEMBER 2016

We have audited the financial statements of Portsmouth Cathedral for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 including FRS102 The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland).

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

Respective responsibilities of the Chapter and the auditors

As explained more fully in the Statement of Chapter's Responsibilities on the preceding page, the Chapter is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit 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 of the financial statement

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements


In our opinion the financial statements:

- give a true and fair view of the state of the Cathedral's affairs as at 31 December 2016 and of its net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 Chapter's 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
Chartered Accountants
Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

PORTSMOUTH CATHEDRAL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	General Fund £	Designated Fund £	Restricted Funds £	Endowment Fund £	Total 2016 £	Total 2015 £
Income and endowments from							
Donations and legacies	2	213,772	-	11,729	-	225,501	173,547
Grants receivable in support of mission	3	175,964	-	493,569	35,000	704,533	808,234
Charges and fees arising in the course of mission	4	32,246	-	-	-	32,246	18,588
Trading and fundraising	5	150,370	-	1,472	-	151,842	159,129
Investments	6	74,247	-	2,368	-	76,615	87,207
Other income	7	-	-	-	-	-	18,499
Total income		<u>646,599</u>	<u>-</u>	<u>509,138</u>	<u>35,000</u>	<u>1,190,737</u>	<u>1,265,204</u>
Expenditure on:							
Raising funds	8	101,632	-	-	-	101,632	115,803
Ministry	9	346,199	-	144,236	-	490,435	531,934
Cathedral and precincts upkeep	10	236,900	-	481,462	-	718,362	665,703
Education and outreach	11	87,997	-	12,905	-	100,902	82,613
Community, parish and congregation	12	118,232	-	-	-	118,232	129,329
Other expenditure	13	-	-	-	-	-	695
Total Expenditure		<u>890,960</u>	<u>-</u>	<u>638,603</u>	<u>-</u>	<u>1,529,563</u>	<u>1,526,077</u>
Net (expenditure)/income		(244,361)	-	(129,465)	35,000	(338,826)	(260,873)
Net gains on investments		23,665	117,476	9,898	132	151,171	42,566
Net (expenditure)/income		<u>(220,696)</u>	<u>117,476</u>	<u>(119,567)</u>	<u>35,132</u>	<u>(187,655)</u>	<u>(218,317)</u>
Gross transfers between funds	22	(103,905)	-	103,905	-	-	-
Net movement in funds		<u>(324,601)</u>	<u>117,476</u>	<u>(15,662)</u>	<u>35,132</u>	<u>(187,655)</u>	<u>(218,317)</u>
Reconciliation of funds							
Total funds brought forward as restated	21,27	3,408,749	2,468,602	120,112	-	5,997,463	6,215,780
Total funds carried forward		<u>3,084,148</u>	<u>2,586,078</u>	<u>104,450</u>	<u>35,132</u>	<u>5,809,808</u>	<u>5,997,463</u>

The notes numbered 1 to 27 form part of these financial statements

PORTSMOUTH CATHEDRAL

BALANCE SHEET

AT 31 DECEMBER 2016


	Note	General Fund £	Designated Fund £	Restricted Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
FIXED ASSETS							
Investment assets							
Investments	16	-	2,050,511	90,342	35,132	2,175,985	2,423,803
Tangible fixed assets							
Property	17	2,937,467	300,000	-	-	3,237,467	3,150,000
Cathedral inventory and equipment	18	54,582	-	-	-	54,582	66,821
TOTAL FIXED ASSETS		<u>2,992,049</u>	<u>2,350,511</u>	<u>90,342</u>	<u>35,132</u>	<u>5,468,034</u>	<u>5,640,624</u>
CURRENT ASSETS							
Stocks		18,836	-	-	-	18,836	17,759
Debtors	19	173,215	-	9,500	-	182,715	160,585
Cash at bank and in hand		(29,967)	235,567	4,608	-	210,208	319,035
TOTAL CURRENT ASSETS		<u>162,084</u>	<u>235,567</u>	<u>14,108</u>	<u>-</u>	<u>411,759</u>	<u>497,379</u>
LIABILITIES DUE WITHIN ONE YEAR							
Creditors: amounts falling due one year	20	69,985	-	-	-	69,985	140,540
NET CURRENT ASSETS		<u>92,099</u>	<u>235,567</u>	<u>14,108</u>	<u>-</u>	<u>341,774</u>	<u>356,839</u>
TOTAL NET ASSETS		<u>3,084,148</u>	<u>2,586,078</u>	<u>104,450</u>	<u>35,132</u>	<u>5,809,808</u>	<u>5,997,463</u>
FUNDS							
Endowment funds	21,27	-	-	-	35,132	35,132	-
Restricted funds	21	-	-	104,450	-	104,450	120,112
Designated fund	21,27	-	2,586,078	-	-	2,586,078	2,468,602
General fund	21,27	3,084,148	-	-	-	3,084,148	3,408,749
TOTAL CATHEDRAL FUNDS		<u>3,084,148</u>	<u>2,586,078</u>	<u>104,450</u>	<u>35,132</u>	<u>5,809,808</u>	<u>5,997,463</u>

The notes numbered 1 to 27 form part of these financial statements.

Approved by the Chapter, and authorised for issue on 21 March 2017



 David Brindley – Dean



 John Hill – Chairman of Finance Committee

PORTSMOUTH CATHEDRAL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	Total funds	Total funds
	£	£
Cash flows from operating activities (note 26)		
Net cash used in operating activities	(492,174)	(324,036)
Cash flows from investing activities		
Investment income received	76,615	87,207
Purchase of tangible fixed assets	(92,267)	(68,493)
Purchase of investments	(1,171,591)	(613,031)
Proceeds from sale of investments	1,570,590	552,457
Net cash provided by investing activities	<u>383,347</u>	<u>(41,860)</u>
Change in cash and cash equivalents in year	(108,827)	(365,896)
Cash and cash equivalents at the beginning of the year	319,035	684,931
Cash and cash equivalents at the end of the year	<u><u>210,208</u></u>	<u><u>319,035</u></u>

The notes numbered 1 to 27 form part of these financial statements.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

Basis of preparation

The Cathedral constitutes a public benefit entity as defined by FRS 102. The accounts have been prepared in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals issued in February 2015 by the Cathedral Administration and Finance Association and UK Generally Accepted Practice including the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Income and endowments

All incoming resources are included in the Statement of Financial Activities (SoFA) when the cathedral is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations, legacies and grants to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the income and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Investment income is earned through holding assets for investment purposes as outlined in the notes to the accounts. It is included when the amount can be measured reliably. Interest and dividend income is recognised as the cathedral's right to receive payment is established.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties. It is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Support costs and governance costs

Support costs are those that assist the work of the cathedral and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the activities of the cathedral. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a consistent basis as set out below:

- Salaries, recruitment and training costs – apportioned based on time analysis by employees and use of resources
- Administration – apportioned based on approximate use of resources
- Information technology – apportioned based on approximate use of resources

Fixed assets

In accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals, no value is attributed in the balance sheet to the Cathedral as it is an inalienable and historic building for which no reliable costs information or conventional valuation basis is available.

The Regulations also require that no value is attributed on the balance sheet to items included in the Cathedral's statutory inventory maintained in accordance with the Care of Cathedrals Measure 2011. A change in policy has been implemented in 2016 to comply with this requirement. Further information is provided in note 27.

Properties held for cathedral use at 1 January 2015 are recorded at a 2013 valuation which has been adopted as a deemed cost at that date. This treatment was permitted on transition to FRS102 and the deemed cost is not subject to ongoing revaluation.

No depreciation is applied to the deemed cost on the basis that any depreciation would be immaterial; however, the valuation is subject to an annual impairment review.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

Fixed assets (continued)

Enhancing works to property, office equipment, fixtures and fittings and other equipment are capitalised at cost.

Depreciation is calculated to write off the cost or valuation less estimated residual value of all tangible fixed assets (other than the deemed cost adopted on transition to FRS102) by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

- Property enhancements	5%
- Office equipment	25%
- Fixtures and fittings	20%
- Other equipment	33⅓%

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

Stocks

Retail stocks in the Cathedral Shop are stated at the lower of cost and net realisable value.

In accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals, no value is attributed in the balance sheet to the Cathedral inventory, which comprises items of architectural, archaeological, artistic or historical interest.

Pension Schemes

The pension costs charged against the surplus represent the amounts payable to defined contribution pension schemes in respect of the accounting period.

Funds

Unrestricted funds – general

Unrestricted funds are spent or applied at the discretion of the Chapter in furtherance of the ministry of the cathedral. Where necessary, unrestricted funds can be used to supplement expenditure made from restricted funds.

Unrestricted funds – designated

Designated funds represent funds earmarked by the Chapter for a specific purpose. They may be un-designated at the Chapter's discretion.

Restricted funds

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Cathedral for particular purposes. Information on each restricted fund is set out in note 20 of these financial statements.

Endowment funds

Permanent endowment funds are funds where the donor has specified that the donation must be retained as capital or where the Cathedral has solicited endowment funds as part of a fundraising appeal. Income arising from the capital may be expended subject to any donor restrictions or restrictions arising from the fundraising appeal.

Expendable endowment funds are funds where the donor has specified that the donation is capital in nature but has granted the Chapter discretion to expend that capital. The income arising from the capital may be expended subject to any donor restrictions.

Further specific information is given in notes 20 and 26.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

2. DONATIONS AND LEGACIES	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Congregational collections and giving	104,145	-	-	104,145	104,772
Donations	40,233	11,729	-	52,652	48,287
Tax recoverable under Gift Aid on voluntary donations	21,874	-	-	21,874	
Legacies	46,830	-	-	46,830	20,448
	<u>213,772</u>	<u>11,729</u>	<u>-</u>	<u>225,501</u>	<u>173,547</u>
2015 total funds	<u>167,977</u>	<u>5,570</u>	<u>-</u>	<u>173,547</u>	
3. DONATIONS AND LEGACIES	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Church Commissioners grants	156,273	128,236	35,000	319,509	274,574
Diocesan grants	15,300			15,300	15,300
Other revenue and capital grants	4,391	365,333	-	369,724	518,360
	<u>175,964</u>	<u>493,569</u>	<u>35,000</u>	<u>704,533</u>	<u>808,234</u>
2015 total funds	<u>164,780</u>	<u>643,454</u>	<u>-</u>	<u>808,234</u>	
4. CHARGES AND FEES ARISING IN THE COURSE OF MISSION				2016 Total Funds £	2015 Total Funds £
Facility and other fees				<u>32,246</u>	<u>18,588</u>
All funds are unrestricted in the current and preceding year.					
5. TRADING AND FUNDRAISING	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Income from fundraising events and appeals	36,065	1,472	-	37,537	17,293
Gross income from shop and other trading activities	77,020	-	-	77,020	72,013
Income from lettings of Cathedral and other buildings	37,285	-	-	37,285	69,823
	<u>150,370</u>	<u>1,472</u>	<u>-</u>	<u>151,842</u>	<u>159,129</u>
2015 total funds	<u>158,952</u>	<u>177</u>	<u>-</u>	<u>159,129</u>	

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

6. INVESTMENTS	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Income from investments	74,247	2,368	-	76,615	87,207
2015 total funds	83,145	4,062	-	87,207	

7. OTHER INCOME	2016 Total Funds £	2015 Total Funds £
Insurance recoveries	-	18,499

All funds are unrestricted in the current and preceding year.

8. RAISING FUNDS	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Gross costs of shop and other trading activities	46,819	-	-	46,819	43,846
Costs of fundraising events and appeals	26,428	-	-	26,428	30,015
Maintenance of and repairs to other buildings	7,542	-	-	7,542	19,327
Investment management costs	-	-	-	-	2,466
Support costs	20,846	-	-	20,846	20,149
	101,632	-	-	101,632	115,803
2015 total funds	115,803	-	-	115,803	

9. MINISTRY	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Clergy stipends and working expenses		128,236	-	128,236	126,094
Clergy housing costs	8,735	-	-	8,735	59,582
Clergy support costs	58,461	-	-	58,461	61,261
Services and music	237,311	16,000	-	253,311	244,700
Support costs	41,692	-	-	41,692	40,297
	346,199	144,236	-	490,435	531,934
2015 total funds	405,840	126,094	-	531,934	

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

10. CATHEDRAL AND PRECINCTS UPKEEP	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Major repairs and restoration	36,534	481,462	-	517,996	499,367
Maintenance and interior upkeep	39,385	-	-	39,385	31,704
Cathedral insurance	23,240	-	-	23,240	21,641
Garden redevelopment	-	-	-	-	9,196
Other costs	102,998	-	-	102,998	71,214
Support costs	34,743	-	-	34,743	33,581
	<u>236,900</u>	<u>481,462</u>	<u>-</u>	<u>718,362</u>	<u>666,703</u>
2015 total funds	<u>182,831</u>	<u>483,872</u>	<u>-</u>	<u>666,703</u>	

11. EDUCATION AND OUTREACH	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Educational activities	30,959	-	-	30,959	26,807
Charitable and other giving	18,616	12,905	-	31,521	26,720
Other costs	10,628	-	-	10,628	2,221
Support costs	27,794	-	-	27,794	26,865
	<u>89,997</u>	<u>12,905</u>	<u>-</u>	<u>102,902</u>	<u>82,613</u>
2015 total funds	<u>65,720</u>	<u>16,893</u>	<u>-</u>	<u>82,613</u>	

12. COMMUNITY, PARISH AND CONGREGATION	2016 Total Funds £	2015 Total Funds £
Direct activity costs	104,335	115,897
Support costs	13,897	13,432
	<u>118,232</u>	<u>129,329</u>

All costs were borne by unrestricted funds in the current and preceding year.

13. OTHER EXPENDITURE	2016 Total Funds £	2015 Total Funds £
Bank charges and interest payable	-	695

All costs were borne by unrestricted funds in the current and preceding year.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

14. SUPPORT COSTS	Raising Funds £	Ministry £	Cathedral and Precincts £	Education and Outreach £	Community, Parish and Congregation £	2016 Total Funds £	2015 total Funds £
Salaries, recruitment and training costs	8,452	16,903	14,086	11,269	5,634	56,344	6,120
Administration	9,880	19,760	16,467	13,173	6,587	65,867	55,760
Information Technology	2,514	5,029	4,190	3,352	1,676	16,761	17,364
	<u>20,846</u>	<u>41,692</u>	<u>34,743</u>	<u>27,794</u>	<u>13,897</u>	<u>138,972</u>	<u>134,324</u>

Included within support costs above is auditor's remuneration of £8,000 (2015: £6,900) plus VAT.

15. STAFF COSTS

	2016 £	2015 £
Salary costs were as follows:		
Salary costs	321,742	283,787
Social security costs	18,749	17,259
Pension costs	12,241	16,231
	<u>352,732</u>	<u>312,277</u>

No employee had emoluments above £60,000 in 2016 or 2015.

	Stipend £	Social Security £	2016 Total £	2015 Total £
Stipends				
The Very Rev David Brindley	35,410	11,539	46,949	46,337
The Rev Canon Peter Leonard	27,535	9,231	36,766	40,060
The Rev Canon Michael Tristram (to July 2015)	-	-	-	22,361
The Rev Canon Joanna Spreadbury (from September 2015)	27,535	9,231	36,766	5,391
	<u>90,480</u>	<u>30,001</u>	<u>120,481</u>	<u>114,149</u>

The stipends of the Dean and the above Residentiary Canons are paid directly from the Church Commissioners along with the related employers' National Insurance of £7,755 (2015: £7,651). Two other Residentiary Canons, Nicholas Ralph and Anthony Rustell, are remunerated by the Diocese of Portsmouth.

Expenses of £3,322 (2015 - £6,241) were reimbursed to members of Chapter.

There were 9 (2015:10) full time and 14 (2015:12) part time paid staff including clergy paid by the Church Commissioners but excluding the Cathedral Choir. The full time equivalent of the same group in 2016 was 16.

The aggregate remuneration of Key Management Personnel in 2016, including all benefits, was £162,540. This group is defined as the remunerated members of Chapter and the Chapter Clerk.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. INVESTMENTS	2016 Total Funds £	2015 Total Funds £
Fair value brought forward	2,423,803	2,320,674
Additions at cost	1,171,591	613,031
Disposals at proceeds	(1,570,590)	(552,463)
Gain on revaluation	151,170	42,556
	<u>2,175,974</u>	<u>2,423,798</u>
Cash held by investment managers	11	5
	<u>2,175,985</u>	<u>2,423,803</u>
Split of investments between funds:	£	£
Endowment - Friends of Cathedral Music	35,132	-
Restricted – Ritchie bequest	90,341	94,362
Designated – Groves legacy	1,821,068	1,911,034
General	229,444	418,407
	<u>2,175,985</u>	<u>2,423,803</u>
Investments are held in pooled managed funds as follows:	£	£
CBF CoE Investment Fund Income Shares	1,677,355	692,266
CBF CoE Property Fund Income Shares	498,619	290,854
COIF Charities Investment Fund Income Units	-	57,696
Alpha CIF for Endowments	-	1,110,982
Alpha CIF for Income and Reserves	-	272,000
Cash	11	5
	<u>2,175,985</u>	<u>2,423,803</u>

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

17. PROPERTY

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Cost					
At 1 January 2016	2,850,000	-	300,000	-	3,150,000
Reclassification (note 27)	300,000	-	(300,000)	-	-
Additions	87,467	-		87,467	-
At 31 December 2016	<u>3,237,467</u>	<u>-</u>	<u>-</u>	<u>3,237,467</u>	<u>3,150,000</u>
Depreciation					
Accumulated at 1 January 2016	-	-	-	-	-
Charge for the year	-	-	-	-	-
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value					
At 31 December 2016	<u>3,237,467</u>	<u>-</u>	<u>-</u>	<u>3,237,467</u>	<u>3,150,000</u>
At 31 December 2015	<u>2,850,000</u>	<u>-</u>	<u>300,000</u>	<u>3,150,000</u>	<u>3,150,000</u>

The properties above are all freehold and applied for Cathedral use. On adoption of the 2015 Cathedral Accounting Regulations a previous valuation of £3,150,000 was adopted as the deemed cost of the assets on transition.

18. CATHEDRAL INVENTORY AND OFFICE EQUIPMENT – UNRESTRICTED

	Cathedral Inventory £	Fixtures & fittings £	Office Equipment £	Other Equipment £	Total £
Cost					
At 1 January 2016	49,977	149,566	49,884	3,240	252,667
Opening adjustment (note 27)	(49,977)				(49,977)
Additions	-	-	-	4,800	4,800
Disposals	-	-	-	(3,240)	(3,240)
At 31 December 2016	<u>-</u>	<u>149,566</u>	<u>49,884</u>	<u>4,800</u>	<u>204,250</u>
Depreciation					
Accumulated at 1 January 2016	10,730	87,922	44,407	3,240	146,599
Opening adjustment (note 27)	(10,730)	-	-	-	(10,730)
Charge for the year	-	13,651	2,651	800	17,039
On disposals	-	-	-	(3,240)	(3,240)
At 31 December 2016	<u>-</u>	<u>101,573</u>	<u>47,295</u>	<u>800</u>	<u>149,668</u>
Net Book Value					
At 31 December 2016	<u>-</u>	<u>47,993</u>	<u>2,589</u>	<u>4,000</u>	<u>54,582</u>
At 31 December 2015 (as restated – note 27)	<u>-</u>	<u>61,644</u>	<u>5,177</u>	<u>-</u>	<u>68,821</u>

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

19. DEBTORS

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Invoiced debtors	6,270	-	-	6,270	2,668
Prepayments	108,549	-	-	108,549	-
Accrued income	58,396	9,500	-	67,896	157,917
	<u>173,215</u>	<u>9,500</u>	<u>-</u>	<u>182,715</u>	<u>160,585</u>
2015 Total funds	<u>32,522</u>	<u>128,063</u>	<u>-</u>	<u>160,585</u>	

20. CREDITORS: amounts falling due within one year

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2016 Total Funds £	2015 Total Funds £
Trade creditors	54,111	-	-	54,111	132,971
Social security and other taxes	5,000	-	-	5,000	2,000
Other creditors	10,874	-	-	10,874	5,569
	<u>69,985</u>	<u>-</u>	<u>-</u>	<u>69,985</u>	<u>140,540</u>
2015 Total funds	<u>57,626</u>	<u>82,914</u>	<u>-</u>	<u>140,540</u>	

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

21. ANALYSIS OF NET MOVEMENTS IN FUNDS

	Total funds brought forward £	Total income £	Total expenditure £	Gains £	Total funds carried forward £	forward £
<i>Endowment funds</i>						
Friends of Cathedral Music Choir Scholarship		35,000		132		35,132
<i>Restricted funds</i>						
Church Commissioners' Stipend grant		128,236	(128,236)	-	-	-
QARNNS – Chapel of Healing and Reconciliation	4,277	323	-	-	-	4,600
Ritchie bequest	94,362	2,081	(16,000)	9,898	-	90,341
Sunyani	2,624	11,263	(12,905)	-	-	982
Monks project	1,000	-	-	-	-	1,000
Let the Building Speak	4,082	-	-	-	-	4,082
Memorial garden	682	143	(13)	-	-	812
Other restricted funds	952	1	-	-	-	953
Cathedral Tower	11,133	365,333	(469,856)	-	93,390	-
Cathedral Windows	-	-	(912)	-	912	-
Organ Stop	-	1,078	(10,681)	-	9,603	-
Cathedral House Gate repairs	1,000	-	-	-	-	1,000
Sound System	-	394	-	-	-	394
Friends of Cathedral Music	-	286	-	-	-	286
Total restricted fund	120,112	509,138	(683,603)	9,898	103,905	104,450
<i>General funds</i>	3,447,996	-	-	23,665	(103,905)	3,367,756
<i>Designated fund- William Groves legacy</i>	2,468,602	646,599	(890,960)	117,476	-	2,586,078
Total	5,916,598	-	-	141,141	103,905	5,953,834
Total funds	6,036,710	1,190,737	(1,529,563)	151,171	-	6,093,416

Further information on each of the above funds is given in note 23.

22. TRANSFERS BETWEEN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Transfer from endowment to cover repairs and works from unrestricted funds	(103,905)	103,905	-

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

23. DESCRIPTION OF FUNDS

Endowment funds

Friends of Cathedral Music

This a capital fund to be retained permanently. Income arising from the fund is to be applied to a restricted income fund for a choral scholarship.

Restricted funds

Church Commissioners' Stipend grant

These funds represents the payment of stipends by the Church Commissioners directly. No cash is received by the Chapter.

QARNNS – Chapel of Healing and Reconciliation

This fund represents monies raised to fund improvements and enhancements to the chapel of healing and reconciliation.

Ritchie Bequest

This fund was created on receipt of a legacy, and is restricted for use in support of music.

Sunyani

These funds, raised from events and congregational giving, are used to support the St. Anselm's Cathedral and Diocese of Sunyani, Ghana.

Monks Project

This fund is for the purchase of equipment relating to education workshops.

Let the Building Speak

This fund is for the purchase of resources associated with Cathedral history and interpretation.

Memorial Garden

Funds to be spent on the memorial garden.

Cathedral Tower

Funds received towards the cost of repairs to the Cathedral's tower.

Cathedral Windows

Funds received towards the cost of repairs to the Cloister's windows and roof drainage.

Organ Stop

Funds solicited towards the named project

Cathedral House Gate Repairs

Funds solicited towards the named project

Sound System

Funds solicited towards the named project

Friends of Cathedral Music – Choral Scholarship

Restricted income fund arising from the related endowment. The income is to be spend on providing a Choral Scholarship.

Designated fund

Funds originally arising from the legacy of William Groves and earmarked by Chapter for longer term application. These funds were previously disclosed as endowed (see note 27).

General fund

These funds are unrestricted and available for the Cathedral's use.

PORTSMOUTH CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

24. CAPITAL COMMITMENTS

There were no material amounts contracted for but not provided for at 31 December 2016.

At 31 December 2015 the Cathedral had contracted for repair works principally on the tower restoration project totalling £776,000 of which £444,000 had been paid by the end 31 December 2015.

25. PENSION SCHEMES

The Cathedral participates in the Church of England Defined Contributions Scheme, part of the Church Workers Pension Fund. The Cathedral also operates a stakeholder defined contribution scheme for the benefit of employees not in the Church of England scheme. The Cathedral's contributions to these schemes are disclosed in Note 15 to these financial statements.

26. RECONCILIATION OF NET MOVEMENT IN FUNDS TO OPERATING CASH FLOW

	2016	2015
	Total	Total
	Funds	Funds
	£	£
Net (expenditure) excluding investment gains	(338,826)	(260,873)
Investment income	(76,615)	(87,207)
Operating (deficit)	(415,441)	(348,080)
Depreciation charges	17,039	9,437
(Increase) in stocks	(1,077)	(9,359)
(Increase) in debtors	(22,130)	(62,392)
(Decrease)/increase in creditors	(70,565)	86,358
Net cash (outflow) from operations	(492,174)	(324,036)

27. RESTATEMENT OF PREVIOUSLY REPORTED FIGURES

The following restatement have been made:

William Groves Bequest

Funds arising from this bequest were previously shown as an expendable endowment. This treatment has been reviewed and, in view of the fact that Mr Groves' will makes no stipulation that this bequest was intended to be capital in nature, the fund has been reclassified as unrestricted and separately designated at the trustees' discretion. The disclosure of the funds has been updated in the 2015 comparative but there is no overall change in the net assets.

Cathedral Inventory

The Cathedral Accounting Regulations require that no value be attributed to the Cathedral Inventory on the balance sheet. An adjustment has been made to remove an amount previously attributed to Cathedral Inventory from the balance sheet. The effect of this is to reduce net assets and general reserves at 1 January 2015 by £40,247, to reduce net assets and general reserves at 31 December by £39,297 and to increase the surpluses on general and total funds for the year-ended 31 December 2015 by £1,000.