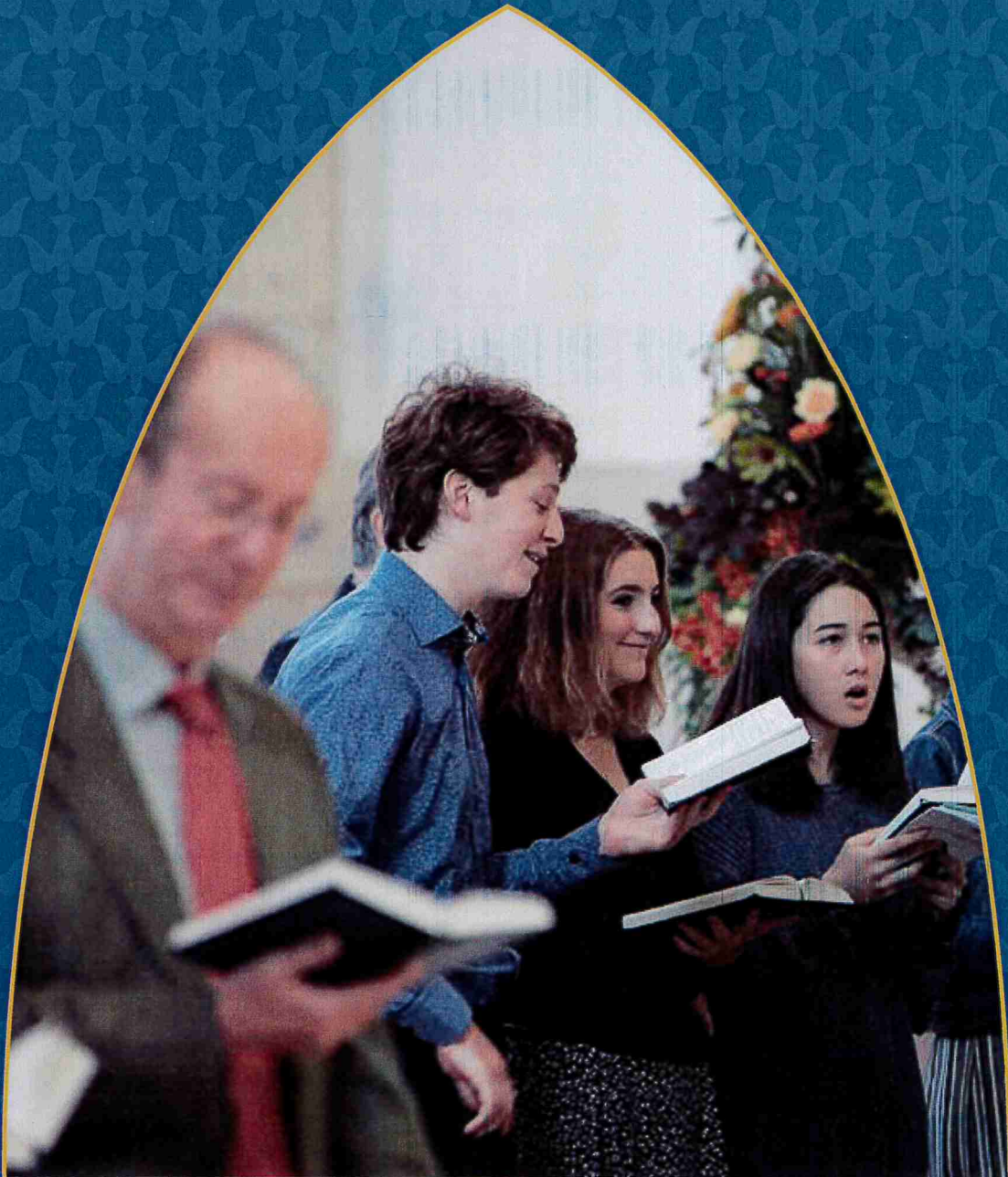


GUILDFORD  
CATHEDRAL

2018

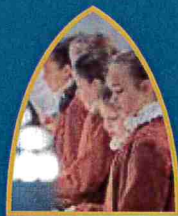
# ANNUAL

Report



# OPEN

a warm-hearted community,  
open to **God**, open to **all**



## TELL

the Good News of Jesus to the world  
through our worship and outreach



## DEVELOP

the use of our estate in a way that honours  
God's concern for his Creation



## ENABLE

the Bishop's ministry and nurturing  
of young and old in their faith



## SERVE

the schools, parishes and chaplaincies of our  
Diocese and to serve our County and locality

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# The Cathedral Church of the Holy Spirit, Guildford

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## INTRODUCTION BY THE DEAN

### Who We Are

Cathedrals in the Church of England hold a unique position in society, which enables them to connect people with the sacred, build links between individuals, organisations and communities, and sustain tradition and identity. Guildford Cathedral is a modern expression of this traditional sacred space: consecrated in 1961, it is one of the newest Church of England cathedrals. It is rooted in local identity and the living memories of many through the *brickgivers* who helped fund its completion.

At the heart of cathedral life is a pattern of regular worship offered to God. Daily prayer, a place of refuge and reflection and services open to all form the basis of everything we do. We seek to be a beacon for the Diocese of Guildford and people of Surrey. Our vibrant musical life draws many, especially young people, to participate in the life of the Cathedral and through that participation to encounter the good news of Jesus Christ. Our welcome seeks to draw all into a deeper awareness of shared humanity and provide rest and inspiration. Our engagement with the University of Surrey is a strong and mutually beneficial relationship of academic wonder, contemporary debate and service to the community. Our relationship with the parishes, schools and chaplaincies of our Diocese is one of service as we offer hospitality, resources and encouragement. As the seat of the Bishop's Ministry and Mission we support him as he leads the whole church in the transformation of lives as promised through the life and ministry of Jesus Christ.

### Strategic Development

During 2018 the process known as Appreciative Enquiry was used in order to develop a strategic development plan and to articulate a future vision for the Cathedral. Chapter is very grateful to all those who participated in the process. What we aspire to be is a *Warm-hearted Community, Open to God and Open to All*.

The outcome of our process was the identification of the key features of Tell the good news of Jesus to the world through our worship and outreach; Enable the Bishop's ministry and the nurturing of people in their faith; Serve the schools, churches and chaplaincies of our diocese and serve our county and locality, and Develop the use of our estate in a way that honours God's concern for his creation.

These are all echoes of the Five Marks of Mission adopted by the Church of England in 2012, which are:

- TELL - To proclaim the Good News of the Kingdom;
- TEACH - To teach, baptise and nurture new believers;
- TEND - To respond to human need by loving service;
- TRANSFORM - To seek to transform unjust structures of society, to challenge violence of every kind and to pursue peace and reconciliation, and
- TREASURE - To strive to safeguard the integrity of creation and sustain and renew the life of the earth.

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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They also echo our Diocesan Mission framework, *Transforming Church, Transforming Lives*, the central focus of which is, *becoming faithful, confident disciples in everyday life*.

### How will we get there?

Four interdependent facets of the life and witness of Guildford Cathedral were identified for focussed resource in the next three-year period. These were shaped through discussions with the lay and ordained staff who are responsible for delivering the work required. In order to tell the good news of Jesus to the world and to nurture faith in people of all ages we need to provide opportunities for the **Deepening of Discipleship** of those already Christians and for the exploration of faith to those who are enquirers or seekers. Deepening Discipleship includes nourishing worship, challenging and stimulating study of the scriptures and Christian theology, prayer for and active service of our community, near and far, and becoming better stewards of our natural and built environment.

The General Synod of the Church of England recently debated *Growing in Faith*, a report which sets out the triangular relationship between church, home and school in the nurturing of faith of children and young people. Research has demonstrated that the most effective nurturing of faith for lifelong discipleship happens when church and school work closely together with the family. We are investing in this by developing a new department of **Family Engagement and Schools**. The first Head of Department has been appointed and will be working with the families in the cathedral congregations to develop resources and support for parents, working with clergy to increase the participation of children in areas of cathedral life and to play a full and essential role in our diocesan *Growing Faith Task Group*, a network of practitioners from across our churches and schools, working together to give the best possible resources to all who support the nurturing of faith in the young.

Chapter is acutely aware of the necessity to raise as much income as possible through the good and wise stewardship of our assets. These are primarily the buildings and site. Our professional approach to **Visitor Experience and Events** enables an holistic offering of welcome to tourists, pilgrims and commercial hirers alike. We will be best placed to use our assets wisely and effectively when we ensure that all people are welcomed in the name of Christ, that every visitor is given an opportunity to encounter the majesty of God and that everyone departs with a lasting positive memory. Chapter has a commitment to use the buildings and site to draw people up the hill, increasing footfall, revenue and income. We invest in professional Events capacity and, through the work of the Enterprise Board, strengthen our commercial business and proactively seek new and creative opportunities which will generate income and continue to increase footfall. Since the building works were completed our visitor numbers have steadily improved and we are investing in our marketing and communications capacity.

At its core Guildford Cathedral is a place of worship and this is reflected by this being the area of greatest financial and staff investment. Our **Worship and Music** is first and always our human offering to God. It is also our most powerful vehicle of outreach. We have broadened what we offer in worship as we have continued to develop our first class choral tradition. Recently started, a monthly service called 'Cathedral Tots' is introducing worship, fellowship and friendship to families who have not previously engaged with the Cathedral. Our outreach programme, Surrey Get Vocal,

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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continues to provide opportunities to hundreds of children of school age each year and we hope to be able to continue to make an organ scholarship available for the development of young musicians. As with all cathedrals, those who attend worship come for a whole variety of reasons including those who call the cathedral their spiritual home. As the mother church in our diocese we are developing existing links with churches and developing new ones so that all members of the church will find a familiar and warm setting in which to meet God in worship. Music is our biggest area of investment and the biggest challenge for our fundraising.

These areas of focus and investment depend upon a strong and effective infrastructure which includes finance, safeguarding, facilities management, administration, coordination and fundraising among others. Chapter is indebted to Matt O'Grady, Chief Operating Officer, for the smooth running of a large institution and to the generosity and dedication of our small team of paid staff and to the hundreds of committed volunteers.



.....  
**The Very Reverend Dianna Gwilliams**

*Dean*

**Dated 9 April 2019**

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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## CHAPTER REPORT

### Annual Report

This Annual Report contains the financial statements of the Cathedral Church of the Holy Spirit, Guildford - known as Guildford Cathedral - for the year ended 31 December 2018 set out on pages 15 to 36 together with the Chapter Report on pages one to 11 incorporating an Introduction by the Dean, a review of our main activities and achievements and a financial review. In addition the Chapter Report includes legal and administrative information and details of the Cathedral's structure, governance and management, which are set out in Appendices one to 11 on pages 37 to 42.

### Governance

The regulations underpinning the governance of Guildford Cathedral, together with the Terms of Reference and membership of key committees, are set out in the Appendices one to 11.

### Liturgy and Music

There have been a number of significant highlights and events in the musical and worshipping life of the cathedral in 2018. One of the foremost of these was the completion of the restoration work on the cathedral pipe organ undertaken by David Wells and his team. The newly refurbished instrument was blessed and then used for the first time before Easter. In the summer we were able to celebrate this work with a series of very popular recitals. On Palm Sunday evening we were delighted that our choristers were able to join with the BBC Singers in a broadcast performance of the Crucifixion by John Stainer, under the direction of Barry Rose. Not long after this the choir sang evensong on the feast day of St Mark in a live broadcast for BBC Radio. In May we held an event to celebrate the completion of the People's Cathedral project, culminating in a well-attended service of favourite hymns. Later in the month the cathedral hosted Thy Kingdom Come, which included a service in the style of the Taizé Community. The Remembrance weekend in November centred around a successful County service after which the Military Covenant between Guildford Diocese and the Ministry of Defence was signed. It also provided an opportunity for the boy choristers to join with Guildford Choral Society and the Royal Philharmonic Society for a performance of the War Requiem by Benjamin Britten.

In relation to music, worship and outreach, we have begun a new monthly service called Cathedral Tots, which aims to engage with families with young children, and which also prompted our celebrating a Christingle service for the first time. The cathedral's musical outreach programme, *Surrey Get Vocall*, continued to work in local state schools under the direction of the organist and Master of Choristers and with financial support from the Butler Trust.

Sadly we had to say goodbye to our organ scholar, Matthew Kelly, in September as he moved on to study music at Durham University. However, we were delighted to welcome his successor, Martina Smyth, into the team.

# The Cathedral Church of the Holy Spirit, Guildford

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For the year ended 31 December 2018

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The Guildford Cathedral Singers, under the direction of John Bawden, continue to play their part in choral worship offered in the cathedral. They sing on a number of Sundays during school holidays as well as a joint service with the cathedral choir once each term.

As always, Chapter wishes to express its great thanks to staff and volunteers who continue to support the musical and worshipping life of the cathedral, in particular: Katherine Dienes-Williams, Organist and Master of the Choristers; Richard Moore, Sub Organist; our organ scholars Matthew Kelly and Martina Smyth; John Bawden and the Cathedral Singers; Paul Williamson and his team of Virgers; Richard North and the team of Servers; Trish Lambert and the team of Stewards.

### Learning and Engagement

Elements of the Cathedral's Learning and Engagement work in 2018 include:

- Art exhibitions and preview evenings including: Ashley Howard, *Meditations*; KanKan Collective, *Standing in the Light*; Jacqui Parkinson *Threads Through Revelation*; and Peter Walker, *Poppyfields*;
- Lent Talks entitled *Faith Through Art*: Canon Dr Andrew Bishop and Canon Dr Julie Gittoes;
- Sunday School and Confirmation Classes;
- Sunday morning lectio divina;
- Advent Study Groups;
- School workshops - Key Stage One, pupils aged five to seven and Key Stage Two, pupils aged seven to 11 - Advent, Lent, Easter and Pentecost;
- WWI Centenary workshop week with prayer stations - Key Stage Two;
- Family activity days during half-term, plus family trails and craft tables;
- *God for Grown-ups* led by Canon Dr Paul Smith;
- *Buns on Saturday* led by the Dean.

### Enterprises

#### Events

Although we moved back into the Cathedral from September 2017 we still retained the Marquee until May 2018 whilst the organ refurbishment was continuing; this meant that regular customers The Gin Festival and a new corporate partner, Prosecco Festival, were both able to hold events on site, in the Marquee.

We were delighted once again to welcome the University of Surrey; Association of Learning Providers in Surrey; Surrey South Farnham School, Centred Initial Teacher Training, and Guildford County School for their graduation and awards ceremonies. We also continued with our regular programme of choral concerts, abseils and fairs, along with Nave dinners and drinks receptions.

We began what we hope will be a continuing relationship with Luna Cinema, who came to the Cathedral front lawn in August with their outdoor films' screenings. They have already booked for August 2019.



# The Cathedral Church of the Holy Spirit, Guildford

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In summary – during 2018, the Cathedral has played host to 15 graduation ceremonies, 10 concerts, five gin festival sessions, four abseils, four corporate events, three awards ceremonies, three film screenings, three prosecco festival sessions, three clothing sales, one craft fair, and our own Christmas Fair, and welcomed over 47,000 people to the hill.

June 2018 saw the departure of the Head of Department, Caroline Simcox, for pastures new; thanks must be extended to her for the sterling work she did to create the Events Department, which became part of Guildford Cathedral Enterprises Ltd and this company became much more wide-ranging and successful under her management.

The Cathedral is in the process of recruiting two part-time members of staff to work with the newly appointed Head of Visitor Experience and Events, Katrina Jenkins, in the delivery of an increasing portfolio of events, both commercial and non-commercial.

### Seasons Café and Kitchen

The Tipsy Pigs are now well established as our restaurant franchisees. Footfall and revenue has increased and private bookings are on the rise – this in addition to the retention of corporate customers from the previous franchisee. Expanding the Cathedral's call to Christian Hospitality, Seasons is now open from 9am until 4.30pm, seven days a week and frequently offers special menus and seasonal events. In 2018 despite the expected reduction in visitors following the removal of the marquee the restaurant generated a commission to Guildford Cathedral Enterprises Limited of £26,000 (2017: £34,000).

### Shop

The Shop continues to support both the Cathedral and the parishes in the Diocese. This is managed by a dedicated team of volunteers, ably led by our Shop Manager, Sharon Collier. After many years of dedicated service, both as a paid employee and a volunteer, Joanne Heaphy left the Shop at the end of the year; the recruitment of her replacement is in progress. In 2018 the number of site visitors reduced due to the loss of the marquee and its associated events but financial results were better than expected and the Shop had a turnover of £121,000 (2017: £131,000) generating a gross profit of £23,000 (2017: £28,000).

### Fundraising

The Cathedral gives thanks for all who financially support the mission and ministry of this place. All gifts, no matter their size, make an impact on the work we are able to achieve. Each donation allows us to make a difference to those who visit, worship at and experience the Cathedral, whether on a weekly or one off basis. Chapter acknowledges with gratitude the very hard work of Susan Barry.

It was a successful year, with some income lines coming in over budget by some margin. We are grateful that a number of generous legacies were left to us, amounting to over £180,000.

We held two suppers at the homes of the Bishop of Guildford and the Lord Lieutenant for friends and supporters of the Cathedral. One guest has pledged to fund half of the salary of the Head of Family Engagement and Schools, a new post in 2019, for a five year period; the generosity,

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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commitment and prayerfulness of this gift will have a significant impact on our work, for which we are hugely grateful.

Income from Cathedral visitors was over budget, with visitor numbers levelling back to their pre-capital work figures. The contactless donation box provided additional income of over £2,000 and we expect to see this line grow as fewer people carry cash with them.

Gifts from parishes and churches continue to provide significant support for which we are extremely thankful.

Income from Trusts and Foundations was lower than budgeted in 2018 but continues to be a steady source of support for our work. With the exception of two Trusts they offer restricted grants, through which we have been able to fund our Coffee Concerts, new music and storage for the choirs, part of the work of our Vocal Coach, a new planter for the Cathedral grounds and the schools' World War One centenary workshops.

Some have asked to remain anonymous, but others include (in alphabetical order):

- The Borrows Charitable Trust;
- The Deakin Charitable Trust;
- George Bairstow Charitable Trust;
- Humphrey Richardson Taylor Charitable Trust;
- Hymns Ancient and Modern;
- Loseley Christian Trust;
- The Queen's Royal Surrey Regiment Combined Charities;
- Seven Pillars of Wisdom Trust;
- The Vibrated Corn Trust;
- The Williams Church Music Trust;
- Worshipful Company of Girdlers;
- Worshipful Company of Joiners and Ceilers.

Chapter is grateful for the efforts of John Mitchell, whose coin scheme had raised a cumulative total of £19,164 by March 2019.

For all gifts, from all visitors, individuals, Trusts and organisations, we are thankful.

### **Fabric Report and Forecast of Maintenance Costs**

The final phase of the World War One Centenary Cathedrals' Repair Fund project was completed in January 2018, which marked the end of a major refurbishment period which had lasted from 2015 until early 2018. During this period all urgent maintenance and repair items were addressed. The Cathedral Architect's Quinquennial Inspection report from September 2017 was costed and prioritised in 2018. This report identifies a list of maintenance and repair items still to be undertaken and the cost of completing all of them amounts to £3.27m. Completion of these maintenance and repair items, including many described as *desirable*, represents a long-term aim and will be undertaken as far as possible over the next few years with costs being met where they can by the Fabric Fund. The full list will be addressed once the annual income from the land sale endowment is available to the Cathedral.

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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### Staff

Considerable movement of staff was experienced again in 2018. In June we said farewell and thank you to Caroline Simcox, our long serving Head of Enterprise. Katrina Jenkins moved up in the organisation to become the newly titled Head of Visitor Experience and Events, leaving a gap in the Events Officer post. This gap had not been filled by the end of 2018. However, Rachel Siu joined us in October to augment the Visitor Experience and Events team in a new position as Visitor Experience and Outreach Officer. Nicola Pratt, who had done much fine work as our Fundraising Officer and doubled as our Marketing and Communications Officer, also left in June. Once again, the gap had not been filled by the year end. Our administration has been strengthened by the appointment of Lisa Hatherall as Administration Assistant and Emma Law has taken on additional responsibility as Office Manager. In July we said farewell and thank you to Canon Andrew Bishop and his family as they moved to Croydon as Andrew took up the leadership of Croydon Minster.

In September Martina Smyth replaced Matthew Kelley as the Organ Scholar, and Charlotte Potter, the Head of Schools and Family Learning, left us in October at the end of her period of maternity leave. We were grateful to Louise Kenyon, a staunch supporter of the Cathedral for many years, for continuing in the Schools and Family Learning post she had been filling as a temporary cover for Charlotte. Early in 2019 the head of a new department, Family Engagement and Schools, was appointed. Finally, Jo Heaphy left the post of Shop Assistant in December after a number of years of dedicated service.

### Volunteers

We are extremely grateful to our large cohort of Volunteers for their unswerving loyalty, enthusiasm and imagination in all that they do to support the efficient running of the Cathedral. With the challenges of the refurbishment behind us the Volunteers have been playing a key role in ensuring Guildford Cathedral is a warm hearted community with a welcome that will make visitors want to come back to see us again.

### Risk Management

The major risks in 2018 continued to be the underlying deficit and the progress on the sale of the land. Chapter continues to address the underlying deficit by setting challenging budget targets for 2019 and 2020, including plans for increasing income generation. Progress towards the sale of the land has been slow but it is hoped that we will be in a position to submit a revised planning application to Guildford Borough Council in the near future.

Chapter maintains a detailed Risk Register and ensures it is kept up to date, given all the various activities of the Cathedral. The risk management process and the resulting Register identifies risks, assesses their impact and likelihood and, where necessary, implements controls to mitigate and monitor those risks that are assessed significant.

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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The key controls used by Chapter to manage risk include:

- Formal agendas and minutes for the Boards and Committees;
- Comprehensive strategic planning, budgeting and management reporting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels, and
- Vetting procedures as required by law for the protection of the vulnerable.

### Financial Review

Chapter's main financial focus has been on supporting the aims and operations of the Cathedral whilst seeking to manage and reduce the annual financial deficit. Work towards the sale of the land, in order to secure an endowment, has continued.

The 2018 accounts reflect the following:

- The normal operations of the Cathedral;
- Major fabric projects and other one-off activities;
- The proposal to sell the land in order to provide an income stream to help finance the Cathedral.

The Cathedral's income comes from a number of sources: congregational giving; donations; legacies; appeals; grants from trusts and foundations. In addition, income is received from its wholly owned subsidiary, Guildford Cathedral Enterprises Limited, which generates income from events, the Café Restaurant and the Shop.

Whilst the Consolidated Statement of Financial Activities on page 15 shows all the financial activities of the Charity, the table on page 10 analyses the overall net movement in funds shown on page 15, a deficit of £124,000, to separately identify the recurring activities of the Cathedral Operations. In 2018, as shown in the table, there was a deficit of income against expenditure before legacies of £138,000 (2017: £188,000 deficit) for Cathedral Operations. The lower operating deficit compared with the previous year was achieved in part due to the number of vacancies in permanent staff posts which were not filled in the latter months of the year, together with continuing careful management of expenditure.

Amounts shown under Cathedral Operations in the table include amounts funded by certain Restricted Funds. The Newill Trusts remain intact in the Cathedral Restricted Funds and Chapter did not consider any application to disburse from them in 2018. Chapter does recognise the potential need to draw down on the Trusts depending on the prevailing financial situation and the restrictions imposed on the use of the Trusts.

In order to effectively manage the finances of the Charity, Chapter and its Finance and Risk Committee have established regular financial controls and reports, including detailed management accounts, which measure actual results against those set previously during a rigorous budgeting

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

process. These budgets and management accounts differ from the statutory financial statements, partly in that they include certain regular income and expenditure which is shown in the statements as Restricted Funds and partly in the treatment of legacies. Legacy income is significant to Chapter's operations: over the last ten years, it has received about £1m in unrestricted legacies. However, it is very variable from year to year. For the statutory financial statements all legacies have to be reported when their receipt is reasonably certain. Chapter has decided, for management accounting purposes and budgetary control, to average legacy income over three years. This internal policy has resulted in only recognising £60,000 of the £183,000 legacy income for 2018 and an adjusted deficit, therefore, in the management accounts of £78,000 before investment gains and losses. This is substantially below the comparable budgeted operating deficit for 2018 of £138,000 because of the stronger than budgeted legacy income and because of the number of vacancies in permanent staff posts referred to above.

The tables below are extracted from the Statutory Financial Statements.

| <b>Results 2018</b>       | Cathedral<br>Operations <sup>1</sup> | Land Sale | Major<br>Fabric<br>Projects <sup>2</sup> | Newill<br>Trust <sup>3</sup> | Total   |
|---------------------------|--------------------------------------|-----------|--|------------------------------|---------|
|                           | £'000s                               | £'000s    | £'000s                                   | £'000s                       | £'000s  |
| Income (excl Legacies)    | 1,320                                | -         | 30                                       | -                            | 1,350   |
| Expenditure               | (1,458)                              | (69)      | (40)                                     | -                            | (1,567) |
| (Deficit)/Surplus         | (138)                                | (69)      | (10)                                     | -                            | (217)   |
| Legacies                  | 183                                  | -         | -  | -                            | 183     |
|                           | 45                                   | (69)      | (10)                                     | -                            | (34)    |
| Net losses on investments | (90)                                 | -         | -  | -                            | (90)    |
| Net movement in funds     | (45)                                 | (69)      | (10)                                     | -                            | (124)   |

| <b>Results 2017</b>      | Cathedral<br>Operations <sup>1</sup> | Land Sale | Major<br>Fabric<br>Projects <sup>2</sup> | Newill Trust | Total   |
|--------------------------|--------------------------------------|-----------|--|--------------|---------|
|                          | £'000s                               | £'000s    | £'000s                                   | £'000s       | £'000s  |
| Income (excl Legacies)   | 1,354                                | -         | 3,313                                    | 683          | 5,350   |
| Expenditure              | (1,542)                              | (11)      | (4,012)                                  | -            | (5,565) |
| (Deficit)/Surplus        | (188)                                | (11)      | (699)                                    | 683          | (215)   |
| Legacies                 | 47                                   | -         | -  | -            | 47      |
|                          | (141)                                | (11)      | (699)                                    | 683          | (168)   |
| Net gains on investments | 106                                  | -         | -  | -            | 106     |
| Net movement in funds    | (35)                                 | (11)      | (699)                                    | 683          | (62)    |

<sup>1</sup> Cathedral operations include both unrestricted funds and certain of the restricted funds that form part of the regular activities of the Cathedral.

<sup>2</sup> The Heritage Lottery, Organ and World War One Centenary refurbishment projects which substantially completed in 2017 together with certain other more minor one-off fabric projects.

<sup>3</sup> Trusts established in 1946 and 1951 for the benefit of the Cathedral whose control was passed to the Cathedral in 2017.

# The Cathedral Church of the Holy Spirit, Guildford

## ANNUAL REPORT

For the year ended 31 December 2018

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The overall financial position remains challenging and the intention remains to continue to reduce the operating deficit. The budget for 2019 is an operating deficit of £87,000 and Chapter has set itself the task of producing a balanced budget in 2020. The reserves policy of £500,000 being held in unrestricted liquid reserves has not been breached - see below under Reserves.

Chapter's aim is to continue to challenge costs whilst remaining mindful of the need to achieve the vision elucidated in its document of 2018 and the strategic development plan. It remains focused on plans to increase income through more legacies, regular giving, grants, increasing visitor numbers, commercial activity and the ongoing support of the Music Development Foundation and the Friends of Guildford Cathedral.

### Investments

To ensure appropriate financial management Charles Stanley and & Co Ltd hold the portfolio on behalf of the Cathedral and manage it on a discretionary basis within agreed parameters and in accordance with the Cathedrals Measure 1999. A discretionary mandate enables them to monitor the portfolio on an ongoing basis and they are authorised to take timely action to adjust the portfolio as considered appropriate in response to market developments. The Finance Committee regularly monitors their performance.

### Reserves

The policy of maintaining £500,000 in liquid unrestricted reserves (cash and on-call investments) has been maintained since 2017. This represents around 50% of the annual unrestricted running costs of the Cathedral, which Chapter considers reasonable based on the income that it is likely to receive during the time taken to devise and implement a revised set of financial priorities, should this ever be required.

|                              |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|
| Liquid Unrestricted Reserves | 2018  | 2017  | 2016  | 2015  | 2014  |
|                              | £'000 | £'000 | £'000 | £'000 | £'000 |
|                              | 665   | 592   | 746   | 699   | 842   |

### Public Benefit

Chapter confirm that they have complied with Section four of the Charities Act 2006 to have regard to the public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral not only serves the community daily in its religious and charitable work, but is an active resource of public importance in the promotion of religion, music, education and architecture.

**Approved by the Chapter of Guildford Cathedral and signed on its behalf by**

  
.....

**The Very Reverend Dianna Gwilliams**

Dean

**Dated 9 April 2019**

## The Cathedral Church of the Holy Spirit, Guildford

### INDEPENDENT AUDITOR'S REPORT TO THE CHAPTER OF THE CATHEDRAL CHURCH OF THE HOLY SPIRIT, GUILDFORD For the year ended 31 December 2018

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Cathedral's affairs as at 31 December 2018 and of its income and expenditure 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 made under Section 27 of the Cathedrals Measure 1999.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

## The Cathedral Church of the Holy Spirit, Guildford

### INDEPENDENT AUDITOR'S REPORT TO THE CHAPTER OF THE CATHEDRAL CHURCH OF THE HOLY SPIRIT, GUILDFORD For the year ended 31 December 2018

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assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Matters on which we are required to report by exception**

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

- the information given in 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.

#### **Responsibilities of the Chapter**

As explained more fully in the Statement of the Chapter's Responsibilities statement set out on pages 37 and 38 the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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



## The Cathedral Church of the Holy Spirit, Guildford

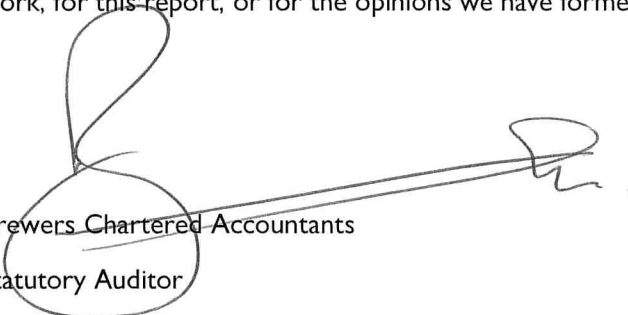
### INDEPENDENT AUDITOR'S REPORT TO THE CHAPTER OF THE CATHEDRAL CHURCH OF THE HOLY SPIRIT, GUILDFORD For the year ended 31 December 2018

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

#### Use of our report

This report is made solely to the Chapter members, 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's members 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 Chapter and the Chapter's members as a body, for our audit work, for this report, or for the opinions we have formed.



Brewers Chartered Accountants

Statutory Auditor

Bourne House  
Queen Street  
Gomshall  
Surrey  
GU5 9LY

23 April 2019

Brewers Chartered Accountants is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

# The Cathedral Church of the Holy Spirit, Guildford

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2018

|   | Note | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|---|------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| <b>Income and endowments from</b>                         |      |                                 |                               |                              |                         |                         |
| Donations & legacies                                      |      |                                 |                               |                              |                         |                         |
| Donations   | 2    | 270                             | 43                            | -                            | 313                     | 1,058                   |
| Legacies  | 2    | 173                             | 10                            | -                            | 183                     | 47                      |
| Grants  | 2    | 42                              | 384                           | -                            | 426                     | 3,657                   |
|   |      | 485                             | 437                           | -                            | 922                     | 4,762                   |
| Charitable activities                                     | 3    | 27                              | 17                            | -                            | 44                      | 32                      |
| Other trading activities                                  | 4    | 456                             | 5                             | -                            | 461                     | 508                     |
| Investments   |      | 43                              | 34                            | -                            | 77                      | 95                      |
| Other income  |      | 29                              | -                             | -                            | 29                      | -                       |
|   |      | 1,040                           | 493                           | -                            | 1,533                   | 5,397                   |
| <b>Expenditure on</b>                                     |      |                                 |                               |                              |                         |                         |
| Raising Funds   | 5    | (373)                           | (28)                          | -                            | (401)                   | (490)                   |
| Charitable activities                                     | 6    | (576)                           | (590)                         | -                            | (1,166)                 | (5,075)                 |
|   |      | (949)                           | (618)                         | -                            | (1,567)                 | (5,565)                 |
| Net income/(expenditure) before investment (losses)/gains |      | 91                              | (125)                         | -                            | (34)                    | (168)                   |
| Net (losses)/gains on investments                         |      | (32)                            | (16)                          | (42)                         | (90)                    | 106                     |
| Net income/(expenditure)                                  |      | 59                              | (141)                         | (42)                         | (124)                   | (62)                    |
| Transfers between funds                                   | 8    | (3)                             | 3                             | -                            | -                       | -                       |
| Net movement in funds                                     |      | 56                              | (138)                         | (42)                         | (124)                   | (62)                    |
| Funds brought forward                                     |      | 4,516                           | 1,060                         | 1,219                        | 6,795                   | 6,857                   |
| Funds carried forward                                     | 15   | 4,572                           | 922                           | 1,177                        | 6,671                   | 6,795                   |

# The Cathedral Church of the Holy Spirit, Guildford

## BALANCE SHEETS

For the year ended 31 December 2018

|  | Note | Group          |                | Chapter        |                |
|--|------|----------------|----------------|----------------|----------------|
|  |      | 2018<br>£'000s | 2017<br>£'000s | 2018<br>£'000s | 2017<br>£'000s |
| <b>Fixed Assets</b>                            |      |                |                |                |                |
| Tangible Assets                                | 10   | 3,683          | 3,700          | 3,683          | 3,699          |
| Heritage assets                                | 11   | 224            | 224            | 224            | 224            |
| Investments                                    | 12   | 1,695          | 1,246          | 1,695          | 1,246          |
|  |      | <u>5,602</u>   | <u>5,170</u>   | <u>5,602</u>   | <u>5,169</u>   |
| <b>Current Assets</b>                          |      |                |                |                |                |
| Investments                                    | 12   | -              | 551            | -              | 551            |
| Stocks - goods for resale                      |      | 19             | 30             | -              | -              |
| Debtors  | 13   | 137            | 469            | 262            | 673            |
| Escrow Account                                 |      | -              | 227            | -              | 227            |
| Cash at Bank & in hand                         |      | 1,208          | 1,401          | 1,088          | 1,199          |
|  |      | <u>1,364</u>   | <u>2,678</u>   | <u>1,350</u>   | <u>2,650</u>   |
| Creditors: Amounts falling due within one year | 14   | (295)          | (1,053)        | (281)          | (1,024)        |
|  |      | <u>1,069</u>   | <u>1,625</u>   | <u>1,069</u>   | <u>1,626</u>   |
| Net current assets                             |      |                |                |                |                |
|  |      | <u>6,671</u>   | <u>6,795</u>   | <u>6,671</u>   | <u>6,795</u>   |
| <b>Funds</b>                                   |      |                |                |                |                |
| Unrestricted Funds                             | 15   | 4,572          | 4,516          | 4,572          | 4,516          |
| Restricted Funds                               | 15   | 922            | 1,060          | 922            | 1,060          |
| Endowment Funds                                | 15   | 1,177          | 1,219          | 1,177          | 1,219          |
| Total funds                                    | 15   | <u>6,671</u>   | <u>6,795</u>   | <u>6,671</u>   | <u>6,795</u>   |

The financial statements were approved by the Chapter of Guildford Cathedral on 9 April 2019 and signed on its behalf by:



**The Very Reverend Dianna Gwilliams**  
Dean



**Andrew Pianca**  
Treasurer

# The Cathedral Church of the Holy Spirit, Guildford

## CONSOLIDATED CASH FLOW

For the year ended 31 December 2018

|   | 2018                | 2017                |
|---|---------------------|---------------------|
|   | £'000               | £'000               |
| <b>Cash flows from operating activities</b>   |                     |                     |
| Net cash provided by/(used in) operating activities                                 | 29                  | (64)                |
| <b>Cash flows from investing activities</b>   |                     |                     |
| Net Dividends, interest and rents from investments                                  | 68                  | 87                  |
| Purchase of property and equipment  | (2)                 | (10)                |
| Purchase of investments   | (84)                | (441)               |
| Sales of investments  | 96                  | 448                 |
| Net cash provided by investing activities   | <u>78</u>           | <u>84</u>           |
| <b>Cash flows from financing activities:</b>  |                     |                     |
| Repayments of borrowing   | (300)               | -                   |
| Cash inflows from new borrowing   | -                   | 100                 |
| Net cash provided by/(used in) financing activities                                 | <u>(300)</u>        | <u>100</u>          |
| Change in cash and cash equivalents   | (193)               | 120                 |
| Cash and cash equivalents at 1 January  | 1,401               | 1,281               |
| Cash and cash equivalents at 31 December  | <u><u>1,208</u></u> | <u><u>1,401</u></u> |
| <b>Reconciliation of net expenditure to net cash flow from operating activities</b> |                     |                     |
| Net expenditure   | (124)               | (62)                |
| Adjustments for:  |                     |                     |
| Depreciation charges  | 19                  | 23                  |
| Losses/(Gains) on investments   | 90                  | (106)               |
| Dividends, interest and rents from investments                                      | (77)                | (95)                |
| Property and investment management costs  | 9                   | 8                   |
| Decrease in stocks  | 11                  | -                   |
| Decrease in debtors   | 332                 | 493                 |
| (Decrease) in creditors   | (231)               | (325)               |
| Net cash provided by/(used in) operating activities                                 | <u><u>29</u></u>    | <u><u>(64)</u></u>  |
| <b>Analysis of cash and cash equivalents</b>  |                     |                     |
| Cash at bank and in hand  | <u><u>1,208</u></u> | <u><u>1,401</u></u> |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### I. ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments to market value as necessary.

The financial statements and report are prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). The Cathedral and its subsidiary are a public benefit group for the purposes of FRS 102 and therefore the financial statements are also prepared in accordance with Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners in preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The financial statements are prepared in £ sterling and monetary amounts are rounded to £ thousand.

#### **Basis of consolidation**

The consolidated financial statements comprise those of the Cathedral and its wholly-owned subsidiary company Guildford Cathedral Enterprises Limited. The turnover and expenditure and the assets and liabilities of the subsidiary are included on a line by line base in the Consolidated Statement of Financial Activities and the Consolidated Balance sheet.

#### **Going Concern**

Chapter considers that while there are financial challenges there are no material uncertainties over the ability to continue as a going concern for the foreseeable future which is an assessment in respect of a period of one year from the date of approval of these financial statements. Further details on the financial pressures facing the Cathedral are given in Note 21.

#### **Income**

- Grants, donations, gift aid reclaimable, fees charged, hire charges, trading income and investment income are recorded when receivable.
- Grants and donations receivable for the general purposes of the Charity are credited to Unrestricted Funds. Grants and donations for purposes restricted by the wishes of the donor are taken to Restricted Funds. Where any amounts are required to be retained as capital in accordance with the donor's wishes these are accounted for as Endowments.
- Legacies are recorded when the amount receivable can be determined with reasonable certainty.
- Any income subject to VAT is recorded net of VAT chargeable.
- Gifts in kind are recorded at their estimated value. No value is attributed to voluntary help.

#### **Charging policy**

The Cathedral does not charge for entry to the Cathedral. To achieve its objectives, every effort is made to develop earnings from commercial sources, and to attract voluntary donations from supporters and visitors. It is felt that pursuance of this policy will help many thousands of people each year to enjoy the beauty of the Cathedral, and come to know Christ better through that experience. The Cathedral is open to everyone, regardless of background or means, and it is our aim to ensure that each person receives a personal warm welcome.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### I. ACCOUNTING POLICIES (continued)

#### Donated assets

Offers of gifts in kind are considered by the Chapter, and where appropriate by the Cathedral's Fabric Advisory Committee (FAC). The disposal of donated assets which are deemed to have outlived their usefulness is carefully discussed in Chapter and by the Fabric Advisory Committee, and where necessary proposals are submitted to the Cathedral's Fabric Commission for England (CFCE). No items are disposed of without the agreement of the FAC, and decisions of the CFCE are always complied with. In the case of such items once donated by individuals or families, surviving relatives are always informed when a decision is made in favour of disposal.

#### Expenditure

- Expenditure is accounted for on an accruals basis as soon as there is a legal or constructive obligation to transfer economic benefits as a result of past transactions or events, it is probable that the transfer of economic benefit will be required in settlement and the monetary value of the settlement can be measured with sufficient reliability. Support costs not directly attributable to a particular financial activity category are apportioned over the relevant categories on the basis of staff numbers working in each department.
- Costs of raising funds, includes both fundraising and marketing together with the gross costs of the shop.
- Charitable activities is comprised of three categories: Ministry covering clergy stipends and housing together with the costs incurred by our choir and music department, Cathedral and Precincts upkeep covering building repairs, depreciation and utilities and Education which covers the cost of the Schools department and outward giving. Governance costs are included within support costs and consist of audit costs and an allocation of senior management time.
- Intra-group sales and associated costs with the Cathedral's subsidiary company, Guildford Cathedral Enterprises Limited, are excluded from the consolidated income and expenditure.

#### Taxation

HM Revenue and Customs treats Cathedrals as exempt charities and as such they are entitled to certain tax exemptions on income and profit from investments and on any surpluses from trading activities carried out in furtherance of the Cathedral's primary objectives, if these profits are applied solely for charitable purposes. Guildford Cathedral Enterprises Limited donates its surplus taxable profit to the Cathedral. The Chapter is eligible to partially recover VAT. Non-recoverable VAT is attributed to the relevant expense.

#### Pensions

Up until 2016 lay members of staff were eligible to join The Church of England Church Workers Pension Fund (CWPF). This scheme is now closed to new members. See note 16 for further information on the Church Workers Pension Fund. The Cathedral in addition operates a defined contribution pension scheme for lay members of staff. The scheme is administered by NEST and is a qualifying workplace scheme for auto enrolment.

The pension costs represent the amount of contributions payable to the pension schemes in respect of the accounting period.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### I. ACCOUNTING POLICIES (continued)

#### Operating leases

Rentals applicable to operating leases where substantially all the benefit and risks of ownership remain with the lessor are charged on a straight line basis over the period of the lease.

#### Heritage Assets

Heritage assets have been capitalised at a valuation carried out by a professional valuer in 2013. No depreciation is charged on these assets as they are well maintained and are not believed to have a finite useful economic life.

#### Land, Buildings, Inventory and Equipment

The Cathedral land, Cathedral building and ancillary buildings form part of the Cathedral's Endowment and in accordance with the Cathedral Accounting and Reporting Regulations are not included in these accounts.

Fixed assets costing over £1,000 are capitalised in the year of purchase.

Freehold buildings are not amortised on the basis of immateriality due to long unexpired lives and high residual values. The Cathedral has a policy and practice of regular maintenance and properties are also unlikely to suffer obsolescence. The Cathedral undertakes annual impairment reviews of all properties stated in the accounts. A valuation of non-investment property was carried out by Clarke Gammon & Wellers, Chartered Surveyors, in 2011.

Depreciation of other assets is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Furniture and fittings 10% straight line basis
- Office and catering equipment over 3 – 4 years
- Ceremonial Garments over 25 years

#### Investments

Property investments are stated at fair value in the balance sheet date. Unrealised gains and losses are shown in the Statement of Financial Activities. No depreciation is charged on investment properties. Investments are valued at the balance sheet date at their market value. Any unrealised gain/loss in the year is shown in the Statement of Financial Activities. If a sale is expected within twelve months the amount is shown under current assets. The investment held in the Cathedral's wholly owned subsidiary, Guildford Cathedral Enterprises Limited is held at cost in the Cathedral entity balance sheet. The carrying value of all investments is reviewed annually for impairment.

#### Stocks

Stocks are items purchased for re-sale by Guildford Cathedral Enterprises Limited and are valued at the lower of cost or net realisable value, after making allowance for obsolete and slow-moving items.

#### Cash

Cash and cash equivalents consists of cash at bank and in hand. It excludes cash held by the investment managers for re-investment.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### I. ACCOUNTING POLICIES (continued)

#### Financial Instruments

Apart from the investments within Fixed Assets investments and Current Asset investments the Cathedral holds only basic financial instruments.

Debtors are measured at amortised cost and are held at settlement amount net of discounts less any provision for non-recoverability.

Creditors are measured at amortised cost and are held at settlement amount net of discounts.

#### Funds

Unrestricted funds are donations and incoming resources receivable or generated for the objects of the Cathedral without further specified purpose and are available as general funds.

Restricted funds are to be used for a specific purpose as laid down by the donor. Expenditure which meets the criteria is charged to the fund.

Endowment Funds are those held on trust as a capital fund. The property endowment fund is an expendable endowment fund where capital may be used in the circumstances set out in note 15. The other endowment funds are permanent endowments where only the income may be spent.

### 2. INCOME FROM DONATIONS AND LEGACIES

|  | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|--|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Collections & Giving                   | 142                             | -                             | -                            | 142                     | 145                     |
| Donations                              | 91                              | 40                            | -                            | 131                     | 163                     |
| Appeals                                | -                               | -                             | -                            | -                       | 18                      |
| Gift Aid                               | 37                              | 3                             | -                            | 40                      | 48                      |
| Newill                                 | -                               | -                             | -                            | -                       | 684                     |
| <b>Total donations</b>                 | <b>270</b>                      | <b>43</b>                     | <b>-</b>                     | <b>313</b>              | <b>1,058</b>            |
| <b>Legacies</b>                        | <b>173</b>                      | <b>10</b>                     | <b>-</b>                     | <b>183</b>              | <b>47</b>               |
| <b>Grants</b>                          |                                 |                               |                              |                         |                         |
| Church Commissioners                   | -                               | 232                           | -                            | 232                     | 218                     |
| Friends and Music Development<br>Trust | 2                               | 135                           | -                            | 137                     | 109                     |
| Heritage Lottery                       | -                               | -                             | -                            | -                       | 2,465                   |
| Other                                  | 40                              | 17                            | -                            | 57                      | 865                     |
| <b>Total grants</b>                    | <b>42</b>                       | <b>384</b>                    | <b>-</b>                     | <b>426</b>              | <b>3,657</b>            |
| <b>Total</b>                           | <b>485</b>                      | <b>437</b>                    | <b>-</b>                     | <b>922</b>              | <b>4,762</b>            |



# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 3. INCOME FROM CHARITABLE ACTIVITIES

|                  | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Special services | 27                              | 17                            | -                            | 44                      | 32                      |

### 4. INCOME FROM OTHER TRADING ACTIVITIES

|                     | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|---------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Charges to visitors | 8                               | 1                             | -                            | 9                       | 6                       |
| Cathedral lettings  | 294                             | -                             | -                            | 294                     | 353                     |
| Fundraising events  | 7                               | 4                             | -                            | 11                      | 17                      |
| Other activities    | 147                             | -                             | -                            | 147                     | 132                     |
|                     | 456                             | 5                             | -                            | 461                     | 508                     |

### 5. EXPENDITURE ON RAISING FUNDS

|                               | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|-------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Visitor facilities            | 6                               | 1                             | -                            | 7                       | 7                       |
| Services directly recoverable | 5                               | -                             | -                            | 5                       | 7                       |
| Other trading activities      | 234                             | -                             | -                            | 234                     | 283                     |
| Fundraising                   | 71                              | 4                             | -                            | 75                      | 88                      |
| Investment property           | 2                               | -                             | -                            | 2                       | 2                       |
| Investment management         | 3                               | 4                             | -                            | 7                       | 6                       |
| Support costs                 | 52                              | 19                            | -                            | 71                      | 97                      |
|                               | 373                             | 28                            | -                            | 401                     | 490                     |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 6. EXPENDITURE ON CHARITABLE ACTIVITIES

|                              | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Ministry                     | 272                             | 450                           | -                            | 722                     | 642                     |
| Cathedral & precincts upkeep | 253                             | 130                           | -                            | 383                     | 4,403                   |
| Education and outreach       | 51                              | 10                            | -                            | 61                      | 30                      |
|                              | <u>576</u>                      | <u>590</u>                    | <u>-</u>                     | <u>1,166</u>            | <u>5,075</u>            |

|                              | 2018<br>£'000s | 2017<br>£'000s |
|------------------------------|----------------|----------------|
| <b>Ministry</b>              |                |                |
| Clergy Stipends and expenses | 150            | 120            |
| Clergy and other Housing     | 41             | 29             |
| Clergy support               | 46             | 48             |
| Services & Music             | 254            | 221            |
| Allocated Support Costs      | 231            | 224            |
|                              | <u>722</u>     | <u>642</u>     |

|   |            |              |
|---|------------|--------------|
| <b>Cathedral &amp; precincts upkeep</b> |            |              |
| Major repairs                           | 19         | 3,930        |
| Maintenance                             | 249        | 290          |
| Cathedral Insurance                     | 39         | 38           |
| Precinct security and upkeep            | 16         | 22           |
| Allocated Support Costs                 | 60         | 123          |
|   | <u>383</u> | <u>4,403</u> |

|                                 |           |           |
|---------------------------------|-----------|-----------|
| <b>Education &amp; outreach</b> |           |           |
| Educational activities          | 25        | 16        |
| Charitable & other giving       | 7         | 8         |
| Allocated Support Costs         | 29        | 6         |
|                                 | <u>61</u> | <u>30</u> |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 7. SUPPORT COSTS

|                       | 2018<br>£'000s | 2017<br>£'000s |
|-----------------------|----------------|----------------|
| Utilities             | 62             | 82             |
| Depreciation          | 19             | 23             |
| Administration        | 89             | 110            |
| Governance            | 25             | 27             |
| Sundry                | 50             | 76             |
| Bank charges          | 5              | 5              |
| Personnel & training  | 141            | 127            |
|                       | <u>391</u>     | <u>450</u>     |
| Allocated:            |                |                |
| Fundraising           | 71             | 97             |
| Charitable activities | 320            | 353            |
|                       | <u>391</u>     | <u>450</u>     |
| Included above:       |                |                |
| Operating leases      | 13             | 13             |
| Payments to auditors: |                |                |
| Audit Fees            | 9              | 9              |
| Accounts preparation  | -              | 4              |
| Management accounts   | 4              | 13             |

The support costs have been allocated between activities according to the number of people employed in those activities.

### 8. TRANSFERS BETWEEN FUNDS

|                                 | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2018<br>£'000s |
|---------------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|
| To fund deficit on music funds  | (86)                            | 86                            | -                            | -                       |
| Transfer balance of appeal fund | 83                              | (83)                          | -                            | -                       |
|                                 | <u>(3)</u>                      | <u>3</u>                      | <u>-</u>                     | <u>-</u>                |

The balance of funds from the capital appeal fund have been transferred to the general fund as allowed for in the terms of the appeal because the purposes of the appeal have now been accomplished with the completion of the major refurbishment programme for the Cathedral.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 9. EMPLOYEES AND OFFICE HOLDERS

| <u>Staff Costs</u>    | 2018       | 2017       |
|-----------------------|------------|------------|
|                       | £'000s     | £'000s     |
| Salaries and stipends | 647        | 674        |
| National Insurance    | 53         | 57         |
| Pensions              | 43         | 38         |
|                       | <u>743</u> | <u>769</u> |

| <u>Average staff numbers</u>  | Headcount   |             | Full time equivalent |             |
|-------------------------------|-------------|-------------|----------------------|-------------|
|                               | 2018        | 2017        | 2018                 | 2017        |
|                               | No.         | No.         | No.                  | No.         |
| Ministry & Music              | 13.1        | 9.0         | 7.9                  | 8.0         |
| Clergy Support                | 1.8         | 2.0         | 1.8                  | 1.6         |
| Education                     | 1.9         | 1.0         | 0.9                  | 0.2         |
| Cathedrals & Precincts upkeep | 3.9         | 6.0         | 3.0                  | 5.2         |
| Fundraising                   | 1.3         | 2.0         | 1.1                  | 1.7         |
| Trading                       | 3.3         | 2.0         | 2.2                  | 1.2         |
| Governance                    | 0.4         | 1.0         | 0.3                  | 0.3         |
| Administrative Support        | 6.1         | 8.0         | 3.4                  | 3.9         |
|                               | <u>31.8</u> | <u>31.0</u> | <u>20.6</u>          | <u>22.1</u> |

No employee or office holder was paid more than £60,000 per annum (2017: None). Chapter considers its key management personnel to comprise the Cathedral clergy (the clergy members of Chapter and the Reverend Canon Mavis Wilson) and the Chief Operating Officer. The total amount received by key management personnel during the year was £192,000 (2017: £157,000).

Included within staff costs are payments made by the Church Commissioners to members of Chapter under the Cathedrals Measure 1999 and the Cathedral constitution. The remuneration of, and pension provision for, clerical members of the Chapter are paid in accordance with scales laid down annually by the Church Commissioners, Archbishops Council and the Church of England Pensions Board. No supplements to these scales are paid. Each of the individuals also benefits from housing provided by the Cathedral free of rent and council tax in furtherance of their duties. The Cathedral also pays a contribution to the telephone bills. The total stipend for the year was £92,000 (2017: £76,000) and pension provision was £31,000 (2017: £23,000).

|                                     | Stipend       | Pension       |
|-------------------------------------|---------------|---------------|
|                                     | £             | £             |
| The Very Revd Dianna Gwilliams      | 36,000        | 12,000        |
| The Reverend Canon Dr Julie Gittoes | 28,000        | 9,500         |
| The Reverend Canon Dr Paul Smith    | 28,000        | 9,500         |
| Total                               | <u>92,000</u> | <u>31,000</u> |

No remuneration was paid to lay members of Chapter during the year (2017: nil). Expenses of £7,000 (2017: £8,000) were re-imbursed to 5 (2017: 5) members of the Chapter in the year mainly for travel expenses (2017 also included £2,300 relocation grant).

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 10. TANGIBLE ASSETS

|                        | Functional<br>property<br>£'000s | Chapter<br>Equipment<br>and plant<br>£'000s | Total<br>£'000s | Subsidiary<br>Equipment<br>and plant<br>£'000s | Consolidated<br>Total<br>£'000s |
|------------------------|----------------------------------|---|-----------------|--|---------------------------------|
| <u>Cost/Valuation</u>  |                                  |   |                 |  |                                 |
| At 1 January 2018      | 3,635                            | 323   | 3,958           | 7  | 3,965                           |
| Additions              | -                                | 2   | 2               | -  | 2                               |
| Disposals              | -                                | -   | -               | -  | -                               |
| Changes in valuation   | -                                | -   | -               | -  | -                               |
| At 31 December 2018    | 3,635                            | 325   | 3,960           | 7  | 3,967                           |
| <u>Depreciation</u>    |                                  |   |                 |  |                                 |
| At 1 January 2018      | -                                | 259   | 259             | 6  | 265                             |
| Charge in year         | -                                | 18  | 18              | 1  | 19                              |
| At 31 December 2018    | -                                | 277   | 277             | 7  | 284                             |
| <u>Net Book Values</u> |                                  |   |                 |  |                                 |
| At 31 December 2018    | 3,635                            | 48  | 3,683           | -  | 3,683                           |
| At 31 December 2017    | 3,635                            | 64  | 3,699           | 1  | 3,700                           |

The functional property is housing for Cathedral clergy and staff. The properties were valued on 14 March 2011 by Clarke Gammon Wellers, Chartered Surveyors, based on the current market values, at £4.0 million. The valuation was not reflected in the accounts as Chapter believe the appreciation in value is not material to the understanding of these accounts.

### 11. HERITAGE ASSETS

|                            | Group          |                | Chapter        |                |
|----------------------------|----------------|----------------|----------------|----------------|
|                            | 2018<br>£'000s | 2017<br>£'000s | 2018<br>£'000s | 2017<br>£'000s |
| At 1 January & 31 December | 224            | 224            | 224            | 224            |

The heritage assets were valued in February 2006 by Keith Baker, a 19th and 20th Century decorative Arts consultant. A subsequent valuation has been performed by Stephen Clarke of Christies and Roger Heath-Bullock in March 2013. The basis of the valuation was replacement cost. The assets have mostly been donated to the Cathedral over many years. These assets are predominantly liturgical vessels such as chalices, crosses and candlesticks but include the recent addition of jubilee copes. Prior to 2013 there were no changes in value. The Cathedral keeps a register of the assets which are held in the Treasury or the safe and these are used for special services. They are regularly polished and maintained and are not considered to have a finite useful economic life and therefore no depreciation has been charged.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 12. INVESTMENTS

|                             | Group and Chapter            |                               |                 |                              |                               |                 |
|-----------------------------|------------------------------|-------------------------------|-----------------|------------------------------|-------------------------------|-----------------|
|                             | 2018                         |                               |                 | 2017                         |                               |                 |
|                             | Listed investments<br>£'000s | Investment property<br>£'000s | Total<br>£'000s | Listed investments<br>£'000s | Investment property<br>£'000s | Total<br>£'000s |
| At 1 January                | 1,256                        | 400                           | 1,656           | 1,387                        | 311                           | 1,698           |
| Additions                   | 172                          | -                             | 172             | 441                          | -                             | 441             |
| Disposals                   | (96)                         | -                             | (96)            | (589)                        | -                             | (589)           |
| Changes in market value     | (90)                         | -                             | (90)            | 17                           | 89                            | 106             |
|                             | 1,242                        | 400                           | 1,642           | 1,256                        | 400                           | 1,656           |
| Cash held for re-investment | 53                           | -                             | 53              | 141                          | -                             | 141             |
| At 31 December              | 1,295                        | 400                           | 1,695           | 1,397                        | 400                           | 1,797           |
| Current                     | -                            | -                             | -               | 551                          | -                             | 551             |
| Long-term                   | 1,295                        | 400                           | 1,695           | 846                          | 400                           | 1,246           |
| Total                       | 1,295                        | 400                           | 1,695           | 1,397                        | 400                           | 1,797           |

The Cathedral has one wholly owned subsidiary, Guildford Cathedral Enterprises Limited, which has a share capital of £100. A summary of its financial results and funds which are consolidated in these financial statements are as follows:

|                            | Unrestricted Funds<br>£'000s | Restricted Funds<br>£'000s | Endowment Funds<br>£'000s | Total<br>2018<br>£'000s | Total<br>2017<br>£'000s |
|----------------------------|------------------------------|----------------------------|---------------------------|-------------------------|-------------------------|
| Turnover                   | 338                          | -                          | -                         | 338                     | 391                     |
| Cost of sales and trading  | (240)                        | -                          | -                         | (240)                   | (294)                   |
| Distributions to Cathedral | (98)                         | -                          | -                         | (98)                    | (97)                    |
|                            | -                            | -                          | -                         | -                       | -                       |
| Funds at 1 January         | 1                            | 1                          | 1                         | 1                       | 1                       |
| Funds at 31 December       | 1                            | 1                          | 1                         | 1                       | 1                       |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 13. DEBTORS

|   | Group          |                | Chapter        |                |
|---|----------------|----------------|----------------|----------------|
|   | 2018<br>£'000s | 2017<br>£'000s | 2018<br>£'000s | 2017<br>£'000s |
| Trade Debtors                           | 39             | 54             | 27             | 11             |
| Amounts owed by subsidiary undertakings | -              | -              | 138            | 264            |
| Prepayments and accrued income          | 96             | 240            | 97             | 240            |
| Other debtors                           | 2              | 175            | -              | 158            |
|   | <u>137</u>     | <u>469</u>     | <u>262</u>     | <u>673</u>     |

### 14. CREDITORS

|                              | Group          |                | Chapter        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2018<br>£'000s | 2017<br>£'000s | 2018<br>£'000s | 2017<br>£'000s |
| Trade creditors              | 83             | 194            | 81             | 188            |
| Diocesan loan                | -              | 300            | -              | 300            |
| Escrow account creditor      | -              | 227            | -              | 227            |
| Accruals and deferred income | 184            | 282            | 179            | 282            |
| Other creditors              | 28             | 50             | 21             | 27             |
|                              | <u>295</u>     | <u>1,053</u>   | <u>281</u>     | <u>1,024</u>   |

| Commitments under non-cancellable leases (Group and Chapter) | 2018      | 2017      |
|--|-----------|-----------|
|  | £'000s    | £'000s    |
| Under 1 year   | 12        | 12        |
| 2-5 years  | 24        | 36        |
|  | <u>36</u> | <u>48</u> |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 15. FUNDS

| <b>Fund Movements</b>      | 1 January<br>2018<br>£'000s | Income<br>£'000s | Expenditure<br>£'000s | Gains and<br>losses<br>£'000s | Transfers<br>£'000s | 31<br>December<br>£'000s |
|----------------------------|-----------------------------|------------------|-----------------------|-------------------------------|---------------------|--------------------------|
| <b>Unrestricted Funds</b>  |                             |                  |                       |                               |                     |                          |
| General                    | 4,516                       | 1,040            | (949)                 | (32)                          | (3)                 | 4,572                    |
| <b>Restricted Funds</b>    |                             |                  |                       |                               |                     |                          |
| Choir and Music            | 10                          | 165              | (259)                 | -                             | 86                  | 2                        |
| General Stipends           | -                           | 240              | (240)                 | -                             | -                   | -                        |
| Education & other purposes | -                           | 17               | (4)                   | -                             | -                   | 13                       |
| General Fabric             | 57                          | 61               | (102)                 | (16)                          | -                   | -                        |
| Newill Trust               | 683                         | -                | -                     | -                             | -                   | 683                      |
| Stained Glass              | 201                         | -                | -                     | -                             | -                   | 201                      |
| Regimental Chapel          | 28                          | -                | (5)                   | -                             | -                   | 23                       |
| Organ & World War I        | -                           | 10               | (8)                   | -                             | (2)                 | -                        |
| Capital Appeal             | 81                          | -                | -                     | -                             | (81)                | -                        |
|                            | <b>1,060</b>                | <b>493</b>       | <b>(618)</b>          | <b>(16)</b>                   | <b>3</b>            | <b>922</b>               |
| <b>Endowment Funds</b>     |                             |                  |                       |                               |                     |                          |
| Choir and Music            | 484                         | -                | -                     | (31)                          | -                   | 453                      |
| Fabric                     | 261                         | -                | -                     | (11)                          | -                   | 250                      |
| Property                   | 474                         | -                | -                     | -                             | -                   | 474                      |
|                            | <b>1,219</b>                | <b>-</b>         | <b>-</b>              | <b>(42)</b>                   | <b>-</b>            | <b>1,177</b>             |
| <b>Total</b>               | <b>6,795</b>                | <b>1,533</b>     | <b>(1,567)</b>        | <b>(90)</b>                   | <b>-</b>            | <b>6,671</b>             |



# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 15. FUNDS (continued)

| <b>Fund Assets</b>  | Tangible<br>Assets | Investments  | Current<br>Assets | Creditors    | Net<br>Assets |
|---|--------------------|--------------|-------------------|--------------|---------------|
| <b>Consolidated</b>   | £'000s             | £'000s       | £'000s            | £'000s       | £'000s        |
| <b>Unrestricted Funds</b>   |                    |              |                   |              |               |
| General   | 3,907              | 515          | 325               | (175)        | 4,572         |
| <b>Restricted Funds</b>   |                    |              |                   |              |               |
| Choir and Music   | -                  | -            | 2                 | -            | 2             |
| Education & other purposes  | -                  | -            | 13                | -            | 13            |
| General Fabric  | -                  | 203          | (203)             | -            | -             |
| Newill Trust  | -                  | -            | 683               | -            | 683           |
| Stained Glass   | -                  | -            | 201               | -            | 201           |
| Regimental Chapel   | -                  | -            | 23                | -            | 23            |
| Heritage Lottery Fund   | -                  | -            | 113               | (113)        | -             |
| Organ & World War I   | -                  | -            | 7                 | (7)          | -             |
|   | -                  | 203          | 839               | (120)        | 922           |
| <b>Endowment Funds</b>  |                    |              |                   |              |               |
| Choir and Music   | -                  | 365          | 88                | -            | 453           |
| Fabric  | -                  | 212          | 38                | -            | 250           |
| Property  | -                  | 400          | 74                | -            | 474           |
|   | -                  | 977          | 200               | -            | 1,177         |
| <b>Total</b>  | <b>3,907</b>       | <b>1,695</b> | <b>1,364</b>      | <b>(295)</b> | <b>6,671</b>  |
| <b>Chapter</b>  |                    |              |                   |              |               |
| Total   | 3,907              | 1,695        | 1,350             | (281)        | 6,671         |
| Individual funds are as in the consolidated totals with the exception of: |                    |              |                   |              |               |
| General Funds   | 3,907              | 515          | 311               | (161)        | 4,572         |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### 15. FUNDS (continued)

#### Description of Funds

|                              |   |
|------------------------------|---|
| General Fund                 | The general fund is the Cathedral's unrestricted fund available for any of the Cathedral's purposes without restriction.  |
| <u>Restricted Funds</u>      |   |
| Choir and Music              | Restricted fund for supporting the music and choir of the Cathedral. Expenditure for the Cathedral choir and musical activities, including outreach, is charged here as is income from specific donations, grants and earnings. The fund usually produces an annual deficit that is met by a transfer of funds from the general fund. |
| Education and other purposes | Restricted fund for donations supporting the Cathedral's educational activities. Certain other smaller restricted donations have also been included within this heading.  |
| General Fabric               | Restricted fund for the upkeep of the Cathedral and precincts.  |
| Newill Trust                 | Restricted funds for the repair, maintenance and insurance of the Cathedral and certain other purposes. Chapter are currently not allocating these funds whilst it reviews maintenance priorities.  |
| Stained Glass                | Restricted fund for the upkeep and development of the Cathedral's stained glass. Chapter currently has no plans for further use of stained glass in the Cathedral and is reviewing how to expand the purposes of this fund.   |
| Regimental Chapel            | Restricted fund for the maintenance and upkeep of the regimental chapel within the Cathedral.   |
| Heritage Lottery             | Restricted fund for the major refurbishment of the Cathedral that was significantly funded by the Heritage Lottery. The project substantively completed in 2017.  |
| Organ and World War I        | Restricted fund for the Organ Refurbishment project and the World War I Centenary Cathedral Development project. These were substantially completed in 2017.  |
| <u>Endowment Funds</u>       |   |
| Choir and music              | Permanent endowment fund for the Cathedral's choir and music. Income is credited to the Choir and Music restricted fund.  |
| Fabric Fund                  | Permanent endowment fund for the Cathedral's maintenance and upkeep. Income is credited to the General fabric restricted fund.  |
| Property Fund                | Expendable endowment fund where capital may be used for the improvement or development of any property in which Chapter has an interest (other than the Cathedral and its ancillary buildings) except for £20,000 which could be used for the choir and music. Income is credited to the general fund.                                |

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 16. PENSIONS

#### Church of England Funded Pension Scheme (Clergy)

Guildford Cathedral participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating responsible body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are £31,000 (2017 £23,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030 (with the remainder in return-seeking assets); and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) together with the contribution to benefits accrued in the year are as set out in the table below.

| % of pensionable salary        | January 2016 to December 2017 | January 2018 to December 2025 |
|--------------------------------|-------------------------------|-------------------------------|
| Deficit recovery contributions | 14.1%                         | 11.9%                         |
| Current benefits contributions | 15.8%                         | 29.0%                         |
| Total contributions            | 39.9%                         | 39.9%                         |

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as Guildford Cathedral's clergy pensions are funded by the Church Commissioners, the liability is accounted for within their accounts and not within Guildford Cathedral's.

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### 16. PENSIONS (continued)

#### Church Workers Pension Fund and NEST (lay staff)

The Cathedral has two schemes in place for lay members of staff. It participates in the Pension Builder Scheme Section of the Church Workers Pension Fund and from 2016, in addition, a defined contribution scheme administered by NEST.

The Church Workers Pension Fund (Guildford Cathedral) is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. Therefore, contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are contributions payable of £7,000 (2017: £10,000).

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

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

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

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

Contributions by the Cathedral to NEST were £4,000 (2017: £2,000).

# The Cathedral Church of the Holy Spirit, Guildford

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 17. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

|   | Unrestricted<br>£'000s | Restricted<br>£'000s | Endowment<br>£'000s | Total 2017<br>£'000s |
|---|------------------------|----------------------|---------------------|----------------------|
| <b>Income and endowments from</b>                         |                        |                      |                     |                      |
| Donations & legacies                                      |                        |                      |                     |                      |
| Donations   | 305                    | 753                  | -                   | 1,058                |
| Legacies  | 42                     | 5                    | -                   | 47                   |
| Grants  | 28                     | 3,629                | -                   | 3,657                |
|   | 375                    | 4,387                | -                   | 4,762                |
| Charitable activities                                     | 21                     | 11                   | -                   | 32                   |
| Other trading activities                                  | 449                    | 59                   | -                   | 508                  |
| Investments   | 59                     | 9                    | 27                  | 95                   |
| Other income  | -                      | -                    | -                   | -                    |
|   | 904                    | 4,466                | 27                  | 5,397                |
| <b>Expenditure on</b>                                     |                        |                      |                     |                      |
| Raising Funds   | (444)                  | (43)                 | (3)                 | (490)                |
| Charitable activities                                     | (569)                  | (4,506)              | -                   | (5,075)              |
|   | (1,013)                | (4,549)              | (3)                 | (5,565)              |
| Net (expenditure)/income before investment gains/(losses) | (109)                  | (83)                 | 24                  | (168)                |
| Net gains on investments                                  | 6                      | 8                    | 92                  | 106                  |
| Net (expenditure)/income                                  | (103)                  | (75)                 | 116                 | (62)                 |
| Transfers   | (64)                   | 68                   | (4)                 | -                    |
| Net movement in funds                                     | (167)                  | (7)                  | 112                 | (62)                 |
| Funds brought forward                                     | 4,683                  | 1,067                | 1,107               | 6,857                |
| Funds carried forward                                     | 4,516                  | 1,060                | 1,219               | 6,795                |

## The Cathedral Church of the Holy Spirit, Guildford

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

#### 18. THE FRIENDS OF GUILDFORD CATHEDRAL

(Charity No. 250402)

The Very Reverend Dianna Gwilliams is a Trustee of The Friends of Guildford Cathedral. Grants from The Friends of Guildford Cathedral amounting to £43,000 were received by the Cathedral in the year (2017: £30,000).

Summary financial information from the most recently available independently examined financial statements is as follows:

|                          | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2017<br>£'000s | Total<br>2016<br>£'000s |
|--------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Income                   | 140                             | 2                             | -                            | 142                     | 42                      |
| Expenditure              | (51)                            | -                             | -                            | (51)                    | (17)                    |
| Net income/(expenditure) | 89                              | 2                             | -                            | 91                      | 25                      |
| Gains on investments     | 2                               | -                             | 1                            | 3                       | 9                       |
| Net movement in funds    | 91                              | 2                             | 1                            | 94                      | 34                      |
| Funds brought forward    | 168                             | 9                             | 34                           | 211                     | 177                     |
| Funds carried forward    | 259                             | 11                            | 35                           | 305                     | 211                     |

#### 19. GUILDFORD CATHEDRAL MUSIC DEVELOPMENT FOUNDATION

(Charity No 1093933)

The Very Reverend Dianna Gwilliams and the Reverend Canon Dr Paul Smith are Trustees of Guildford Cathedral Music Development Foundation.

Grants from The Guildford Cathedral Music Development Foundation amounting to £92,000 were received in the year by the Cathedral (2017: £79,000).

Summary financial information from the most recently available independently examined financial statements is as follows:

|                          | Unrestricted<br>Funds<br>£'000s | Restricted<br>Funds<br>£'000s | Endowment<br>Funds<br>£'000s | Total<br>2017<br>£'000s | Total<br>2016<br>£'000s |
|--------------------------|---------------------------------|-------------------------------|------------------------------|-------------------------|-------------------------|
| Income                   | 8                               | 6                             | -                            | 14                      | 384                     |
| Expenditure              | (88)                            | (42)                          | -                            | (130)                   | (50)                    |
| Net (expenditure)/income | (80)                            | (36)                          | -                            | (116)                   | 334                     |
| Gains on investments     | 4                               | 17                            | -                            | 21                      | 23                      |
| Net movement in funds    | (76)                            | (19)                          | -                            | (95)                    | 357                     |
| Funds brought forward    | 220                             | 1,012                         | -                            | 1,232                   | 876                     |
| Funds carried forward    | 144                             | 993                           | -                            | 1,137                   | 1,233                   |

#### 20. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

## The Cathedral Church of the Holy Spirit, Guildford

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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#### 21. GOING CONCERN

The Cathedral's activities together with the factors likely to affect its future development and financial position are set out on pages one to 11 in the Annual Report. As described in the report the Cathedral operates an annual deficit on its operational activities. Chapter is working hard to reduce then eliminate this deficit over the next couple of years. Chapter remains optimistic that the land sale will progress and this together with other measures to secure additional funding in the form of grants and donations has led them to have a reasonable expectation that the Cathedral will be able to continue operationally for the foreseeable future. For these reasons they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 22. RELATED PARTY TRANSACTIONS

Donations during the year made by Chapter members personally or through Trusts controlled by them totalled £7,000 (2017: £40,000).

# The Cathedral Church of the Holy Spirit, Guildford

## APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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### Appendix I - Governance

Guildford Cathedral is governed under the Cathedrals Measure 1999 and by a Constitution and Statutes which came into effect on 24 November 2002, and was last revised in June 2017. Under these regulations, it is the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral and to order the worship and promote the mission of the Cathedral.

Under the Constitution and Statutes, the Corporate Body of the Cathedral Church of the Holy Spirit, Guildford comprises the members for the time being of the Cathedral Council, the Chapter and the College of Canons. It is a body corporate with continual succession and a common seal which is known as the common seal of the Cathedral.

### Appendix 2 - The Chapter

#### The Dean

The Dean is the *principal dignitary of the Cathedral, next after the Bishop, and is Chairman of the Chapter and President of the College of Canons*. She/He is appointed by Her Majesty The Queen, and instituted by the Bishop to the office of Dean of Guildford.

The Dean has the right to preach and celebrate Holy Communion in the Cathedral on occasions agreed by the Chapter. Subject to the provisions of Constitution and Statutes no person shall preach within the Cathedral without the approval of the Dean.

It is the duty of the Dean, as Chair of the Chapter, to govern and direct on its behalf the life and work of the Cathedral and, in particular, to:

- Ensure that Divine Service is duly performed in the Cathedral;
- Ensure that the Constitution and Statutes are faithfully observed;
- Maintain good order and proper reverence in the Cathedral;
- Secure the pastoral care of all members of the Cathedral community;
- Take all decisions necessary to deal with any emergency affecting the Cathedral, pending consideration of the matter by the Chapter;

#### The Chapter

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 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;



## The Cathedral Church of the Holy Spirit, Guildford

### APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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- 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 also responsible under the requirements laid down by the Church Commissioners under the powers given them by Section 27 of the Cathedrals Measure 1999 for:

- Preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of Guildford Cathedral and its consolidated entities;
- Stating that they have complied in all material respects with Accounting and Reporting for English Anglican Cathedral and applicable United Kingdom Accounting Standards ; or describing which regulations have not been complied with regulations 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;
- Safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- Preparing the accounts on a going concern basis unless it is inappropriate to presume that the Cathedral will continue to be financially viable.

As far as the Chapter members are aware there is no relevant audit information of which the Cathedral's auditors are unaware; and the Chapter members have taken all the steps that they consider ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Cathedral's auditors are aware of that information.

#### **Method of Appointing Members to the Chapter**

In accordance with the Constitution of the Cathedral, the Chapter shall consist of:

- the Dean, who shall be the chairman and shall have a second or casting vote;
- all the Residentiary Canons;
- one lay person appointed by the Bishop after consultation with the Dean and the Chapter;
- The Cathedral Honorary Treasurer;
- two lay persons elected by a meeting of members of the Cathedral Community;
- Up to three persons nominated by Chapter for their particular skills (not more than one whom may be a clerk of holy orders).

All Lay persons must be actual communicants and shall hold office for three years and shall be eligible for membership for further terms of office.

# The Cathedral Church of the Holy Spirit, Guildford

## APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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### Members of Chapter

|  |  |
|--|--|
| The Dean                                   | The Very Reverend Dianna Gwilliams   |
| The Sub Dean                               | The Venerable Stuart Beake   |
| The Residentiary Canons                    | The Reverend Canon Dr Andrew Bishop<br>(until September 2018)<br>The Reverend Canon Dr Julie Gittoes<br>The Reverend Canon Dr Paul Smith |
| Chapter Appointees: Hon Treasurer          | Mr Andrew Pianca<br>Ms Jo Pinson (from January 2019)   |
| One Lay person appointed by the Bishop     | Mr Roddy Porter (from January 2018)  |
| Two persons elected by Cathedral Community | Mr Ian Bowler<br>Mrs Linda Sharpin   |

### Appendix 3 - The Cathedral Council

The Cathedrals Measure 1999 requires that it shall be the duty of the Council to further and support the work of the Cathedral, spiritual, pastoral, evangelistic, social and ecumenical, reviewing and advising upon the direction and oversight of that work by the Chapter and in particular, to:

- Consider proposals submitted by the Chapter in connection with the general direction and mission of the Cathedral and to give advice on them to the Chapter;
- Receive and consider the annual budget of the Cathedral;
- Receive and consider the annual report and audited accounts;
- Consider proposals submitted by the Chapter in connection with the Constitution and Statutes of the Cathedral with a view to their revision under Part II of this Measure, and
- Perform such other functions as may be prescribed.

The Chairman is a lay person, not a member of the Chapter, appointed by the Bishop after discussion with the Chapter. The Dean is a member ex officio, and the Chapter elects two members. One member is elected by the Cathedral Community and two by the College of Canons. Further members are appointed to represent the wider civic, economic and ecumenical interests and concerns of the diocese.

The Bishop as Visitor is invited to attend as an advisor and non-voting member at all meetings of the Cathedral Council and the Council continues to be grateful for his support and advice.

### Appendix 4 - The College of Canons

The College of Canons consists of the Dean, Residentiary Canons, the Archdeacons of Surrey and Dorking and the Bishop of Dorking. In addition, there are 30 members (15 ordained and 15 lay) appointed by the Bishop of Guildford in consultation with the Dean, up to four Ecumenical Canons and up to three additional members who may hold a particular responsibility in the diocese. The College elects two members to the Cathedral Council. It is the responsibility and duty of the College of Canons to elect the Diocesan Bishop in accordance with the Appointment of Bishops Act, 1533.

# The Cathedral Church of the Holy Spirit, Guildford

## APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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The role of the College of Canons is to promote and support the Mission and Ministry of the Cathedral in the diocese by drawing on the experience of its members in their ministry and reflecting the views of the Diocese. In furtherance of that role it shall:

- Receive and consider the annual report and audited accounts.
- Discuss such matters concerning the Cathedral as may be raised by any of its members, and
- Perform such other functions as may be prescribed and relevant to its role.

### Appendix 5 - The Bishop

The Bishop shall have the principal seat and dignity in the Cathedral.

After consultation with the Chapter and subject to any provision in the Statutes, he may officiate in the Cathedral and use it in his work of teaching and mission, for ordinations and synods and for other Diocesan occasions and purposes. Also,

- The Chapter shall from time to time consult the Bishop in respect of the general direction and mission of the Cathedral, and the Bishop may at any time seek the advice of the Chapter on any matter.
- The Constitution of the Cathedral provides that the Bishop shall be the Visitor thereof.
- The Bishop shall as Visitor hear and determine any question as to the construction of the Constitution and Statutes.
- The Bishop may hold a visitation of the Cathedral when he considers it desirable or necessary to do so or when requested by the Council or the Chapter.
- In the course of a visitation, the Bishop may give such directions to the Chapter, to the holder of any office in the Cathedral or to any person employed by the Cathedral as will, in the opinion of the Bishop, better serve the due observance of the Constitution and Statutes.
- It shall be the duty of any person or body on whom functions are conferred by or under The Cathedrals Measure 1999 to act in accordance with any determination under, and any direction under, the above paragraphs.
- The provisions above are without prejudice to the powers of the Bishop under the Care of Cathedrals (Supplementary Provisions) Measure 1994 and his powers as Visitor generally.
- The Bishop may at any time propose for consideration by the Council amendments to the Constitution.

### Appendix 6 - The Cathedral Finance and Risk Committee

The Constitution requires the setting up of a Finance Committee with the function of advising the Chapter in connection with its responsibilities in the field of financial and investment management and the management of property and assets belonging to the Cathedral. Chapter receives and acts with the guidance and the advice given to it by the Cathedral Finance and Risk Committee.

The Committee consists of the Dean, the Chief Operating Officer, the Treasurer, and at least three but not more than six persons appointed by Chapter for their ability, expertise and experience in the fields of finance and investment and their management; of these not more than two may be members of Chapter. The majority of members of the Finance and Risk Committee will not be members of Chapter. Members are appointed for a renewable period of three years.

# The Cathedral Church of the Holy Spirit, Guildford

## APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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### The Cathedral's Finances

Investment Powers - Under the terms of 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 the 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.

### Members of the Cathedral Finance and Risk Committee

Mr Andrew Pianca (Honorary Treasurer and Chair)  
The Very Reverend Dianna Gwilliams  
The Venerable Stuart Beake  
Mr Ian Bowler  
Mr Clive Cunningham  
Mr Matt O'Grady  
Mr Nigel Stapleton (from April 2019)

### Appendix 7 – The 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 the Chief Operating Officer 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 Architect, under Section four of the Care of Cathedrals Measure 1990, has a duty to attend meetings, although he does not have the right to vote.

### Members of the Fabric Advisory Committee

Mr Nick Sealy (Chair)  
Ms Beth Astridge (until January 2019)  
Mr Colin Kerr  
Mr James Miller  
Mr Paul Williams  
The Reverend Canon Stuart Thomas  
Mr Paul Velluet  
Vacant  
Secretary Mr Matt O'Grady

# The Cathedral Church of the Holy Spirit, Guildford

## APPENDICES TO THE ANNUAL REPORT

For the year ended 31 December 2018

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### Appendix 8 - The Community Committee

The Cathedral Constitution also makes provision for a Community Committee, to act as a channel of communication between Chapter and the community, and to advise Chapter on any matters affecting the Cathedral community.

### Appendix 9 - (Statutory) Cathedral Lay Staff

Director of Operations (re-titled Chief Operating Officer in June 2018) Mr Matt O'Grady  
Organist and Master of the Choristers Mrs Katherine Dienes-Williams

### Appendix 10 - Cathedral Volunteers

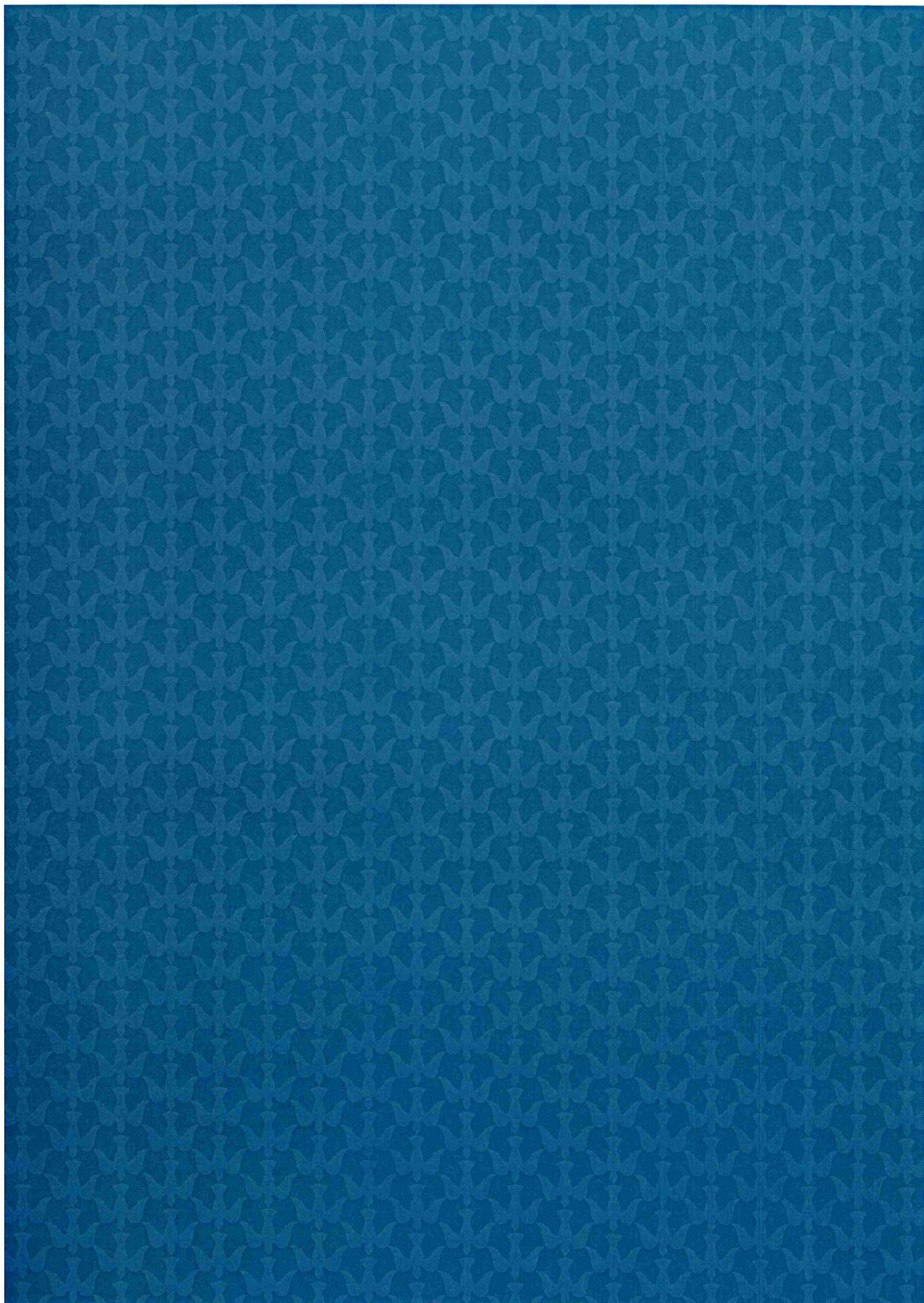
Chapter acknowledges the enormous contribution made more than 300 volunteers throughout the year. The various areas of service include Archivists, Bell Ringers, Coin Scheme, Day Chaplains, Fair Trade, Family Engagement and Schools Helpers, Flower Arrangers, Graphic Designer, Guides, The Guildford Cathedral Singers, Handyman, Honorary Assistant Clergy, Pastoral Assistants, Servers, Shop Helpers, Stewards, Sunday School Helpers, Tower Tour Guides and the Treasury Curator.

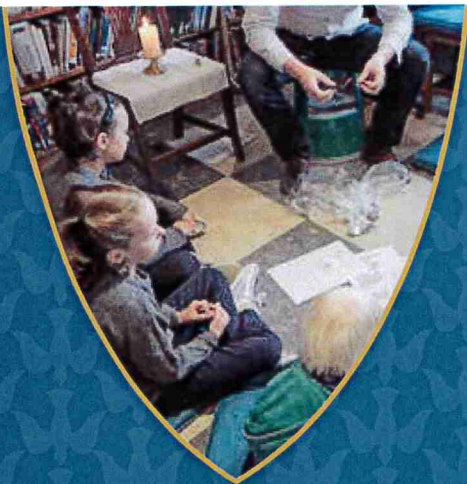
### Appendix 11 - Cathedral Officers and Advisers

The work of the Chapter would not be possible without support from experts in various professional fields and the following table details the Chapter's advisers:

|                                  |   |
|----------------------------------|---|
| Architect and Surveyor           | Mr John Bailey, BA, BArch, RIBA, AABC<br>Thomas Ford & Partners |
| Auditor                          | Mr Andrew Skilton<br>Brewers Chartered Accountants              |
| Bank Manager                     | Mr Mark Aitken<br>National Westminster Bank                     |
| Cathedral Solicitor              | Mr Duncan Elson, LLB<br>Charles Russell Speechlys               |
| Investment Adviser               | Mr James Stewart Smith<br>Charles Stanley & Co Ltd              |
| Land Development Project Manager | Mr Tim Asson, BSc Hons, MRICS<br>Asson Associates               |







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[www.guildford-cathedral.org](http://www.guildford-cathedral.org)

