

**THE CATHEDRAL CHURCH
OF ST. PETER AND THE HOLY AND
INDIVISIBLE TRINITY, GLOUCESTER**

**ANNUAL REPORT
OF THE DEAN AND CHAPTER AND
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, 31st DECEMBER, 2019**

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE
TRINITY, GLOUCESTER**

ANNUAL REPORT OF THE DEAN AND CHAPTER AND THE FINANCIAL STATEMENTS
For the year ended 31st December, 2019

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GLOUCESTER**

ANNUAL REPORT OF THE DEAN AND CHAPTER AND THE FINANCIAL STATEMENTS

For the year ended 31st December, 2019

REFERENCE AND ADMINISTRATIVE INFORMATION

Address of the Cathedral

The Chapter Office
12 College Green
Gloucester
GL1 2LX

The Dean

The Very Reverend Stephen Lake

The Residentiary Canons

The Reverend Canon Nikki Arthy
The Reverend Canon Andrew Braddock
The Venerable Hilary Dawson (from 27th January, 2019)
The Reverend Canon Richard Mitchell
The Reverend Canon Celia Thomson

The Lay Canons

Canon Peter Clark
Canon John Coates
Canon Paul Mason
Canon Margaret Sheather

The Chapter Steward

Canon Emily MacKenzie

The Dean, Residentiary Canons, Lay Canons and Chapter Steward are members of Chapter

Director of Music

Mr Adrian Partington

Finance Committee

Canon John Coates, Mr Clive Collier, The Very Reverend Stephen Lake, Canon Paul Mason – Chair, Canon Ben Preece Smith, The Reverend Canon Celia Thomson.

Fabric Advisory Committee

Dr Steven Blake - Chair, Mr Nick Cox, Dr Alan Ford, Mr Laurence Keen OBE, Canon Jonathan Mackechnie-Jarvis, Ms Jessica Monaghan, Ms Geraldine O'Farrell-Wallum, Professor Andrew Stonyer.

Advisers

Bankers	Lloyds Bank plc, 19 Eastgate Street, Gloucester, GL1 1NU
Investment managers	The Central Board of Finance of the Church of England, Senator House, 85 Queen Victoria Street, London, EC4V 4ET
Solicitors	Willans Solicitors, 28 Imperial Square, Cheltenham, GL50 1RH
Auditors	Pitt Godden & Taylor LLP, Chartered Accountants and Registered Auditor, Unit 3, Ambrose House, Meteor Court, Barnett Way, Barnwood, Gloucester, GL4 3GG
Surveyors	Bruton Knowles, Olympus House, Olympus Park, Quedgeley, Gloucester, GL2 4NF
Letting agents	Andrews, 5 Worcester St, Gloucester, GL1 3AJ
Insurers	Ecclesiastical Insurance, Beaufort House, Brunswick Road, Gloucester GL1 1JZ
Architect	Antony Feltham-King, St Anne's Gate, The Close, Salisbury, SP1 2EB
Archaeologist	Richard K Morriss & Associates, Bromlow House, Bromlow, Shropshire, SY5 0EA

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ANNUAL REPORT OF THE DEAN AND CHAPTER

The Dean and Chapter present the annual report and audited Consolidated Financial Statements for the year ended 31st December, 2019.

Statement of the Chapter's Responsibilities

In the requirements laid down by the Church Commissioners under the powers given them by Section 27 of the Cathedrals Measure (1999) the Chapter is responsible for:

- preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities;
- stating that it has complied in all material respects with these regulations or describing which regulations have not been complied with and giving reasons for the non-compliance;
- selecting suitable accounting policies and then applying them consistently;
- making judgements and accounting estimates that are reasonable and prudent;
- keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time; and
- safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Cathedral's Vision

The vision of the Cathedral Church of St. Peter and the Holy and Indivisible Trinity, Gloucester (the Cathedral) is 'to be in tune with heaven and in touch with daily life'; in tune with heaven through worship, prayer and service, and in touch with daily life so that the mission and ministry we undertake in Jesus's name can make a real difference to the way in which people live their lives. We find our inspiration and our hope in the mission and ministry of Jesus Christ. This can be shared through the witness and activity of Gloucester Cathedral. Jesus shared our life so that those who encountered him were engaging not just with a special person but with God's Son, the Word made flesh and for the disciples their crucified and risen Lord. The response of the disciples both at their call and after the first Easter changed them - and the world. We derive this strategy from the historic dedication of *'The Cathedral Church of St. Peter the Holy and Indivisible Trinity'*.

In carrying out its vision the Cathedral is fully cognisant of its responsibilities to the wider world beyond its building and precincts and of the Charity Commission's guidance on public benefit.

Governance and management

The Cathedral is an ecclesiastical corporation, with perpetual succession and a common seal. It is formally the seat of the Bishop of Gloucester and a centre for worship, teaching and mission in the Diocese of Gloucester. The Diocese extends geographically through most of Gloucestershire, and some parts of the adjoining counties. There are 305 parishes, 390 churches and 116 church schools in the Diocese.

The constitution and statutes governing the Cathedral under the Cathedrals Measure (1999) were approved on 6 July, 2000 and revised on 11th December, 2009 and in July, 2014. The Measure defines the governance structures required for the effective management of Cathedrals, which include the Cathedral Council, the College of Canons, and the Chapter, with a standing committee for finance and an advisory committee on matters relating to the fabric of the Cathedral.

The introduction to the constitution and statutes is as follows:

"Seeing that the Cathedral, which is called the Cathedral Church of St. Peter and the Holy and Indivisible Trinity of Gloucester was founded of old time to the glory of God, this Constitution and Statutes have been made in order that worship may be continually offered in the Cathedral for the better promotion of mission and outreach, and to that end its fabric may be preserved and enhanced and that all members of the Cathedral Community may perform their duties well and that the Bishop of Gloucester as Visitor may take care that the Constitution and Statutes be observed."

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The following sections summarise the roles of the various groups in the Cathedral's structure of governance and management, their membership and activities during the period covered by this report.

The Cathedral Council

The Cathedral Council is responsible for furthering and supporting the work of the Cathedral, 'spiritual, pastoral, evangelistic, social and ecumenical, reviewing and advising upon the direction and oversight of that work by Chapter ...' (Cathedral Statutes 2001). The Council consists of up to eighteen members with a lay chair, who is not a member of the Chapter, appointed by the Bishop. Members are drawn from the Cathedral congregation, the Chapter, the College of Canons, the Diocese, the City of Gloucester and wider community. The Council met once during the year and discussed a range of topics, and received the annual report and the audited Consolidated Financial Statements for the nine months ended 31st December, 2018.

The College of Canons

The College of Canons comprises the Dean of the Cathedral, every Bishop Suffragan, every full-time stipendiary Assistant Bishop, every Canon, and every Archdeacon in the Diocese. The College met on three occasions in the year to discuss progress on key projects, theological issues, and received the annual report and the audited Consolidated Financial Statements for the nine months ended 31st December, 2018.

The Chapter

The Chapter is the main body that directs and oversees administration of the affairs of the Cathedral, and consists of the Dean, who is the Chair, all the Residentiary Canons, four lay members, and the Chapter Steward, who also serves as Secretary to the Chapter.

A lay member shall be an actual communicant and shall hold office for three years, but shall be eligible for further such terms of office. A lay member may be appointed as a Lay Canon on their appointment to the Chapter or at any other time during their membership of the Chapter, and shall continue in office irrespective of their age until the earlier of the date of their resignation as a Lay Canon and the date on which they cease to be a member of the Chapter.

New members of Chapter are fully briefed on the operations of the Cathedral and are given a tour of the building, its precincts and properties. They are also encouraged to attend a Chapter Training Day course run by the Association of English Cathedrals.

Chapter meets on at least nine occasions each year, with papers for each meeting circulated one week in advance both by email and by post. Decisions are taken at Chapter meetings, unless specifically delegated to a specified person or group of people to take between meetings.

The Venerable Hilary Dawson, Archdeacon of Gloucester, was appointed on 27th January, 2019.

Risk management

The Chapter monitors the major strategic and operational risks and uncertainties to which the Cathedral is exposed. Systems have been introduced for continuous assessment of these risks and a risk register and procedures for regular monitoring have been established in order to minimise and mitigate exposure to risk. Quarterly reports are made to the Finance Committee and to Chapter. The principal risks and uncertainties facing the Cathedral are:

- a shortfall of income to meet the liquidity demands of daily operations and cash flow for major development projects and any consequent increase in the Cathedral's deficit on its general fund;
- an inability to build on the early success of 'entry by donation' for visitors and to achieve a further planned increase in income across all visitor activities;
- failure to attract funding for the Cathedral's continuing requirement to restore and maintain the building;
- the demands on the Cathedral's management of running complicated daily schedules, an estate of ancient buildings in constant need of repair and maintenance, implementing best operational practice, and compliance with regulatory requirements;
- the simultaneous unplanned absence of two or more key, senior employees for a significant period of time;
- the possibility of an unexpected major building repair being required;
- the requirement that the organ will need a major overhaul in the next few years;

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- a failure in the application of the Cathedral's procedures for safeguarding children and vulnerable adults;
- a failure to have in place sufficient reserves to meet unexpected repairs or unforeseen circumstances such as the Covid-19 pandemic;
- the Cathedral being unable to adapt to the socio-cultural changes following the Covid-19 pandemic, including changing church attendance patterns, leading to the organisation no longer meeting the needs of worshippers, and becoming obsolete;
- the resulting detrimental impact of the Covid-19 pandemic on the Cathedral's finances will put the 2020-2024 Business Plan in jeopardy across all or most of the Cathedral's functions, with activities pared back significantly and the Cathedral only partially meeting its strategic priorities.

Chapter has formulated plans to provide adequate working capital to maintain its on-going operations and has arranged a short-term overdraft with its bankers to support on-going day-to-day operations; Chapter may request an increase in the limit of this overdraft to address short term cash requirements. It also has a 15 year commercial loan which was used to finance refurbishment of one of its properties which is now let as a house in multiple occupation. Chapter has also arranged a five year loan from the Diocese of Gloucester at favourable rates of interest in order to secure its working capital after completion of Project Pilgrim phase 1. The commercial loan is being repaid in accordance with the agreed repayment schedule and the Diocese of Gloucester has recently agreed to extend the period of its loan from five to ten years and to forego annual repayments. Chapter may also consider an application to its bankers for a business interruption loan.

There is a separate board of control to manage Project Pilgrim, which reports to Chapter. This board meets under the chairmanship of the Dean to review operational delivery of the project and its activity plan. With the capital works of phase 1 complete, the focus for the Pilgrim Board, which is chaired by the Dean and meets as required, has moved to consolidating the gains made through phase 1 and planning for phase 2 with its emphasis on sustainability,

In 2018 Chapter decided that it was not possible to realise sufficient financial gains from the work in Project Pilgrim without employing professional staff to ask for donations from visitors, 'entry by donation', and to assist them with their experience of the Cathedral. To this end Chapter applied to the Cathedrals' Sustainability Fund, administered through the Church Commissioners, for a grant of £150,000 to fund the initial costs for staff and equipment over the initial two year period of 'entry by donation'. The application was successful and the project started in April 2019. In making the application the Cathedral undertook research and carried out financial modelling to decide the right format for this new approach; it was predicted that by 2021 there will be a threefold increase in the surplus from income from visitors and this target was surpassed by the end of 2019. Unfortunately the Covid-19 pandemic and lockdown reduced visitor income in the 2nd quarter of 2020 to zero and is likely to affect visitor income negatively throughout 2020 and well into 2021. The progress of all visitor income streams will continue to be reviewed by the Cathedral's Visitor, Invitation, Experience and Welcome Committee (VIEW) which is chaired by a member of Chapter.

Chapter recognises the strains on management of running a complicated site with increased demands on it and the raised expectations from a number of stakeholders. It also recognises that the requirements of managing the Cathedral's affairs are demanding in themselves and regularly reviews activities to ensure that there are sufficient resources to operate and complete them successfully.

Part of the first phase of Project Pilgrim was to secure parts of the building most at risk, e.g. the Lady Chapel, which has now been restored. Chapter identified the North Ambulatory as the next project on the Cathedral's fabric and the two year programme of restoration works started in the autumn of 2018. Chapter reviews and monitors fabric priorities, as set out in the Cathedral's Quinquennial Inspections, through the Fabric Standing Committee; a Quinquennial Inspection took place in 2019 and Chapter has organised its fabric projects for the future based on the priorities identified in the Inspection and detailed in the Development Plan.

Standing committee on finance

The Finance Committee advises the Dean and Chapter on all matters relating to the financial position and performance of the Cathedral. As a matter of course it reviews the annual budget, periodic management accounts and the annual financial statements. It invites the auditor to give a briefing on the state of the Cathedral's financial position, its systems for accounting and internal control, and reviews the annual management letter for the Chapter's responsibilities and those of Gloucester Cathedral Enterprises Limited. It

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also investigates the Chapter's arrangements for the Cathedral's investments, properties, insurance, projects, capital spending and, when necessary, taxation. It reviews the Cathedral's risk register and monitors health and safety matters. During the year the Committee met on four occasions.

Fabric Advisory Committee

The Fabric Advisory Committee advises the Dean & Chapter on all matters relating to the fabric of the Cathedral. It provides expert advice and guidance on the physical protection, preservation and development of the Cathedral's buildings and external precincts. The Committee's advice is informed by the Cathedral's Architect and Archaeologist, who are both ex-officio members and retained as consultants. During the period the Committee met on three occasions. There is also a Fabric Standing Committee of eleven members, all but two of whom are from the Cathedral's staff, which met twelve times in the year.

Achievements and Performance

Worship

The Cathedral has continued the daily office of four services and there were 1,500 services during the year. The congregations for Sunday services continue to grow, particularly for the morning Eucharist. There were again record congregations at the services at major festivals, and those at Christmas and Easter were particularly large.

Music

The Cathedral now has five choirs: the Cathedral Choir, the Girls' Choir, the Junior Choir, the Middle Choir and the Youth Choir. The Middle Choir was formed in September 2019 to provide singing opportunities for young people who had become too old for the Junior Choir but were too young to join the Youth Choir. The Middle Choir has progressed significantly since its first rehearsal and currently comprises twenty young people. It gave its first public performance at the service in November 2019 to switch on the city's Christmas lights and will soon participate in the worship of the Cathedral. All the Choirs have continued to provide singing of a truly excellent standard. The Cathedral is particularly proud of its commitment to encourage young people to participate in singing.

The Cathedral has come to an agreement with The King's School that, from September 2021, sixteen Girl choristers will be offered choral scholarships by the School and the Cathedral. Chorister duties will be shared equally between boys and girls, but singing separately for all but a few services, ensuring that both play a full role in the musical life of the Cathedral.

The Music Patrons Scheme continues to provide a regular annual income to support the music of the Cathedral.

Congregational development

The Congregational Development Group is a small working group comprising a variety of members of the congregation, including a chorister parent, meeting under the leadership of Canon Richard Mitchell. During 2018 it has continued to meet on a bi-monthly basis. The objectives of the group are to:

- maintain the work of a small core group of those enthusiastic for congregational development, in its welcome, worship, nurture, stewardship of time, talent and resource and social activity;
- work on the development of a welcome pack and resources as initiation into the life of the Cathedral, and to target this work within the Cathedral's organisation and city communities;
- work on a programme of opportunity for spiritual nurture and growth in discipleship, through the development of a Rule of Life, and the provision of group worship and study to deepen faith;
- organise occasional social events to draw the congregation together in opportunities for friendship and fellowship;
- oversee the Brunch n Bounce monthly activity and to increase lay training and involvement in spiritual conversation and engagement with families;
- provide two congregational meetings a year on Sunday mornings for updates on congregational life and development;
- work with the Planned Giving Group in increasing awareness of, and generous response to, the variety of ways to exercise Christian stewardship in financial giving.

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A monthly evening group continues to offer the opportunity for congregational members to reflect on how the Cathedral's Rule of Life helps them to make more sense and enrich the understanding of the activities of their lives as Christians. In 2019 the form of the Rule has been modified, the booklet reprinted and the website updated. To further this the focus has been on further learning and development with the visit to Prinknash Abbey and hearing about the Benedictine Rule of Life through the experience of Brother Mark. A planned visit of Abbot Martin to the Cathedral this spring has had to be postponed. There was also a Quiet Day at Rudford, led by Judy Howard, which focused on artwork portraying breadmaking and linking this to the ministry of Jesus. Sip and Study, a weekly meeting on Tuesday afternoons at Robert Raikes House, reflects on the Sunday Gospel.

Designated welcomers continue to liaise with stewards and to look out for newcomers amongst the congregation on Sundays, offering them a welcome and direction towards further information and activities, as well as giving them the welcome booklet. The booklet is now used in conjunction with the development of resources about coming to the Cathedral for services, in part of the Cathedral website. The booklet was updated and reprinted early in 2019.

The Brunch n Bounce group is run on a monthly basis in the Chapter House on a Saturday morning and has its own leadership team. The session, which includes a bouncy castle, craft activities, pastries, fruit, and newspapers, is nearly always very well attended and enjoyed by families from across Gloucester and from a range of backgrounds.

Sunday morning meetings to which all members of the congregation are invited have included updates from the Dean about the revised Vision and Values 2019-23, including the development of Pilgrim phase 2.

The Planned Giving group made a presentation on one Sunday in June last summer, particularly aiming to encourage more people to use the Parish Giving Scheme. Trevor Weedon was welcomed and introduced as the new Cathedral Stewardship Officer and has been working on communication with the congregation and gathering further more detailed figures on, and patterns of, giving with the Head of Finance, Penelope Feeney. The group is also working with Sonia Bielaszewska, Marketing Manager, on bringing together the aims and objectives of this group with Cathedral fundraising strategies and leadership. Finally, we are sad to report the death of former Stewardship Officer, Arthur Bramwell, and give thanks to God for his faithfulness and friendship.

Social responsibility

During 2019 the Social Responsibility Group consolidated its work around four key priorities:

- Homelessness – caring for those experiencing homelessness and helping them develop as individuals;
- Environmental sustainability – reducing our carbon footprint and supporting other initiatives to help care for God's creation;
- Mental health and well-being – working with individuals and groups to support mental health and wholeness;
- Young People – working with young people to help them identify and achieve their potential.

The Breakfast Club continues to be at the heart of our work with those experiencing homelessness. Since October 2018 a hot breakfast has been provided throughout the year each week on both Thursdays and Sundays. In the same period, the Cathedral has complemented this work by introducing 'walking rugby' (in partnership with the Gloucester Rugby Foundation and Gloucester City Mission), by observing Homelessness Sunday, and by co-curated exhibitions that focus on the experience of homelessness. In autumn 2019 Breakfast Club Plus was launched as a pilot enabling the Breakfast Club guests to explore art and creativity.

The Cathedral is working closely with the Diocese to take forward its environmental commitments, with a focus on achieving carbon neutral status by 2030. The Moon exhibition was a great opportunity to focus on our relationship with the rest of creation. We are very aware of the inter-relationship between this and our other strands of work, not least on mental health and well-being. Work has included partnership with Look Again on

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mindful photography to enable people to slow down and contemplate their surroundings in fresh ways. In this we draw on the Benedictine practice of contemplation as well as the contemporary interest in mindfulness.

There is also excellent work happening with young people, especially with Bridge Training based a stone's throw from the Cathedral, and which focuses on delivering the highest quality education to students that may have found that mainstream education, school or college might not have been right for them. We look forward to growing this partnership in 2020.

Underpinning all the Cathedral's social responsibility is prayer. In September 2019 the Cathedral's St John the Baptist Chapel was set aside as a focus for these prayers. A monthly litany and intercessions for peace and justice are now offered on the first Tuesday of each month from 12 noon.

In all this we are hugely grateful to all our volunteers, especially those involved with the Breakfast Club, and to Helen Jeffrey for her leadership as our Social Responsibility and Community Engagement Manager.

Project Pilgrim

The building works for the first phase of Project Pilgrim are completed. Planning for a second phase for which the vision will be 'Reveal and Sustain' continues. It has been decided that the scope of work in the second phase will focus on the Cathedral Abbey's history and will include conservation of the Cloisters and Parliament Suite, alongside an emphasis on social responsibility and the environment. There will be trials and pilots of different activities, including a programme of conversations and consultations to make sure that the scope of work is right. A first application to the National Lottery Heritage Fund will be submitted in Spring 2021.

Public benefit

The Cathedral is fully cognisant of the Charity Commission's guidance on public benefit. In its work in the Cathedral and in the Diocese of Gloucester for the advancement of religion the Chapter helps to promote the whole mission of the Church, pastoral, evangelistic, social and ecumenical and provides public benefit through:

- the availability of a facility for public worship in the City of Gloucester and the County of Gloucestershire, and a space for pastoral care, contemplation, and moral, spiritual, intellectual development;
- providing daily services throughout the year which are open to all;
- promoting Christian values to individuals and society as a whole;
- caring for nationally significant fabric including two Scheduled Ancient Monuments and over 30 other listed structures;
- providing free public access to a significant heritage site;
- nurturing the performance of religious music as part of the daily services;
- providing training opportunities for heritage craftspeople and musicians through the Cathedral's apprentice schemes for stonemasons and music scholars;
- providing a musical education to young people through singing in one of the Cathedral's choirs;
- providing access for children to a building of major architectural importance through the programme of educational events and tours – some 11,000 children took part during the year;
- operating a Breakfast Club, providing a cooked breakfast to an average of 33 homeless and needy people every Thursday and Sunday throughout the year;
- in partnership with Gloucester Rugby Foundation and Gloucester City Mission the Cathedral hosts weekly walking rugby sessions for the homeless and vulnerable;
- paying at least the 'living wage' to all its employees;
- the use of solar panels on the roof of the nave of the Cathedral to provide approximately 25% of the building's energy requirements;
- working with Gloucester City Council and Gloucestershire County Council to rejuvenate the city's public areas as an amenity for all;
- working with partners including Gloucester Heritage Forum and Gloucester Culture Trust to put culture at the heart of Gloucester for the good of all and to deliver a compelling arts programme in Gloucester, helping to inspire local audiences and boost the City's economy by bringing internationally significant art to the City through exhibitions and The Three Choirs Festival.

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Financial Review

Financial performance

The Cathedral generated a surplus of £423,000 for the year, which compares with a deficit of £200,000 for the previous period of nine months. There were investment and other gains totalling £935,000 (2018: £131,000), resulting in an overall increase in funds for the year of £1.358m (2018: decrease of £69,000). Overall funds at the end of the year stand at £18.701m, up from £17.343m at the end of the 2018. The amount of these overall funds is welcome but the Cathedral's overriding need is still for increased net income on its unrestricted general fund to provide the liquidity to run its daily operations. The general fund has a deficit of £44,000 (2018: deficit of £403,000) at the end of the year, which shows the financial pressures facing the Cathedral.

The Cathedral's operating financial position has been broadly stable in the year. Income from all sources has been sufficient to meet costs for day-to-day operating activities on the general fund and the Cathedral has been successful in achieving its budgetary objectives.

The Cathedral's restricted funds continue to provide a vital contribution to operating costs such as the fabric and music. Chapter is also grateful to the Friends of Gloucester Cathedral which supports musical activities and building projects which might not otherwise attract interest from donors.

The Cathedral's investments in property continue to increase in value and to provide a satisfactory level of income. Chapter continues to investigate the status of its property assets which are classified as endowment and has reached the stage of seeking legal advice on the information and data in its archives. The Cathedral's investments in marketable securities increased in value during the year but, as for most other investors, values have reduced by approximately 10% with the outbreak of the Covid-19 pandemic.

The overall financial results for the year ended 31st December, 2019 are set out in the table below.

Financial outcome for the year (2018: 9 months)	2019	2018
	£000	£000
Income & endowments	3,748	2,609
Expenditure	3,325	2,809
Net incoming/(outgoing) resources	423	(200)
Net gains on investments	875	69
Other recognised gains	60	62
Net movement in funds	1,358	(69)
Total funds brought forward at the beginning of the year	17,343	17,412
Total funds carried forward at the end of the year	18,701	17,343
The Cathedral's consolidated financial position at the end of the year was as follows:		
Investment assets - Freehold property & investments	14,751	14,096
Tangible fixed assets - Property, equipment & plant	3,887	3,569
Total fixed assets	18,638	17,665
Net current assets	639	356
Total assets less current liabilities	19,277	18,021
Liabilities due after one year – loan and defined benefit pension scheme	576	678
Total net assets	18,701	17,343
Endowment funds	4,865	4,237
General funds	(44)	(403)
Restricted funds	621	535
Property revaluation reserve	13,259	12,974
Total funds of the Cathedral at 31 st December, 2019	18,701	17,343

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Investment performance

The Cathedral takes income from its portfolios of investment property and marketable securities. The Cathedral manages its investment property and CCLA manages the marketable securities. The investment property is classified as an endowment asset and the marketable securities are classified as assets in endowment and restricted funds.

CCLA manages the Cathedral's investments on an execution only basis. As at 31st December, 2019 these investments amounted to £4.986m and were invested in the following funds:

	2019		2018	
	£000	%	£000	%
CBF Investment Fund	3,041	61.0	2,551	59.1
UK Equity Fund	109	2.2	88	2.0
Global Equity Fund	1,021	20.5	828	19.2
Property Fund	773	15.5	794	18.4
Fixed Interest Securities Fund	-	-	13	0.3
Deposit Fund	42	0.8	42	1.0
Total	4,986	100.0	4,316	100.0
Overseas Equities		53.1		45.3
UK Equities		11.9		14.3
Property & other assets		30.7		33.1
Fixed Interest		-		2.1
Cash		4.3		5.2
Total		100.0		100.0

Income from all the investment property is credited to the unrestricted general fund; income from the marketable securities is split, as appropriate, between the unrestricted general fund, restricted funds and the endowment fund. Income from investment property in the period amounted to £744,000 (2018: £560,000) and income from marketable securities amounted to £167,000 (2018: £126,000). The income yield on the investments managed by CCLA for the year ended 31st December, 2019 was 3.45% (2018: 3.84%). The total return for the year ended 31st December, 2019 was 19.6% (2018: 2.6%).

Investment policy

The Chapter's investment policy relates to marketable securities. These are managed by CCLA in accordance with the ethical policy set by the Ethical Investment Advisory Group (EIAG) of the Church of England.

The long term investment objective is to protect the real value of the Cathedral's endowed and other invested capital by reference to the Consumer Price Index and to produce real growth in net investment income arising therefrom without undue risk and whilst following the guidance of the EIAG. The short term objective is to achieve the long term objective without undue fluctuations year by year in the income arising from investments.

Real growth in net income is desirable every year, in view of the likely real growth in the Cathedral's operating costs and the difficulty of making up for any reductions in net income by raising funds from other sources. It is recognised, however, that the nature of investments is such that this may not always be possible. Therefore, whilst it is important that the actual growth in net income achieved is measured against this investment objective each year, the priority is to achieve the objective of real growth over the long term.

Pay & remuneration of staff

The pay and remuneration of all staff at the Cathedral is based on agreed and published pay scales. Increases in pay are applied annually in line with the start of the Cathedral's financial year by reference to increases in the Consumer Price Index over the previous twelve months. The Cathedral has structured its pay scales so that it meets its requirement to pay at least the 'living wage' to all its employees.

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Gloucester Cathedral Enterprises Limited

Gloucester Cathedral Enterprises Limited is a wholly owned subsidiary of the Cathedral. The company operates the gift shop and coffee shop, The Monk's Kitchen, within the Cathedral.

Reserves policies

Notes 10, 11, 12 & 13 to the Financial Statements set out the reserves within the Cathedral's endowment, restricted and general funds. The general fund represents the Cathedral's unrestricted reserves, which are needed for efficient and uninterrupted management of the Cathedral and to meet exceptional items, such as emergency repairs to properties. The Cathedral uses its restricted funds to finance certain elements of its day-to-day expenditure, such as work on the fabric of the Cathedral and musical activities, in so far as the expenditure is covered by the terms specified by the donors of the funds. Chapter considers that an appropriate level for the general fund is three months' annual operating expenditure on its general fund which, for the year ended 31st December, 2019, would be approximately £520,000; the balance on the general fund at that date was a deficit of £44,000. The Cathedral's business plan aims to increase income and the success of the entry by donation scheme is an integral element in this projection.

Property

The accounting for and valuation of the Cathedral's properties are described in the Statement of Accounting Policies. All properties, whether held for investment purposes or as non-investments, are treated as endowment fund assets. All the Cathedral's properties were valued as at 31st March, 2016 in a desktop exercise carried out by Messrs Bruton Knowles, an independent firm of property consultants. The property values from this exercise were reviewed as at 31st December, 2019 using an appropriate property index and the valuation increased by £286,000. As a result of this review the Cathedral's properties are valued at £13.532m.

Covid-19 pandemic

The Cathedral's activities have been interrupted by the Covid-19 pandemic. The Cathedral closed when the lockdown was imposed and will only reopen when restrictions on places of worship are lifted. A majority of staff have been furloughed. Staff who are not furloughed are mainly working from home, although some day-to-day work continues at the Cathedral site where it can be carried out whilst observing the safe-distancing regulations imposed by HM Government. Other staff who are working are mainly involved in planning work for the time when the Cathedral can reopen to its congregation and the general public, managing the Cathedral's financial and other resources in the light of the reduction in several major streams of income, and general administration.

It is evident that when the Cathedral reopens it will not initially be on the same basis as before the onset of the pandemic. So far, Chapter has identified three different scenarios for reopening using different timescales, but it is clear that large congregational gatherings such as those at Christmas time are unlikely to be possible in 2020. Meanwhile, planning continues for a second phase for Project Pilgrim, choristers continue with voice and musical training, and Chapter and the Cathedral's management continue their cycles of meetings, all using virtual media.

The impact of the pandemic on the Cathedral's financial position is felt mainly at present in the cessation of certain income streams such as congregational giving, donations on entry to the Cathedral, facility fees and commercial income through The Monk's Kitchen and the Cathedral Shop. Income from property investments and marketable securities has been only mildly affected so far but there may be a reduction in dividend income and property rentals as the effects of the economic downturn caused by the pandemic take effect.

Chapter monitors its investments in marketable securities on a quarterly basis. At 31st March, 2020, the latest date for which figures are available, the valuation of the investments was £4.508m as opposed to a valuation of £4.986m at 31st December, 2019. It is assumed that the valuation will continue to vary as financial markets react to the success of countries' efforts to stimulate economic activity and global trade.

Chapter has not considered a reduction in the valuation of any of its properties, whether held for use by the Cathedral or for investment purposes, to reflect the effects of the pandemic. The properties are currently all classed as endowment assets and it is Chapter's intention to hold most of them for the very long term, particularly those that are within the Cathedral's setting, the 'green line'. In any case, the property market has been shut down like the rest of the economy and it is doubtful whether a realistic valuation could be calculated.

THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

ANNUAL REPORT OF THE DEAN AND CHAPTER (continued)

The Cathedral may find that it is not easy to let properties if they are vacated by current tenants, particularly those for the commercial sector. The effect of the resulting void periods will be felt in reduced income.

Chapter has reviewed all its liabilities and obligations and does not consider there are any material items other than those mentioned. Given the uncertainty surrounding the progress of the pandemic and the timing of a return to normal economic activity, even on a reduced basis, Chapter is unable to quantify the effect of the pandemic. Financial estimates and cash flows have been calculated for each of the three planning scenarios which have been prepared and the base case has been updated when necessary, e.g. when changes in the regulations about the furlough scheme are issued by HM Government, and so quantification of the effect of the pandemic is likely to keep changing. The most important requirement is to maintain adequate working capital.

Plans for the future

In 2019 Chapter completed a business plan for the period of five years from 2020 to 2024. It identified three strategic priorities and four specific goals within each priority, which are:

- Priority 1 - welcome all visitors joyfully, ensuring every visit has meaning:
 - hold at least 1,500 services in the Cathedral every year and increase attendances by 10%;
 - welcome 2 million visitors over five years with 75% or more rating their visit as good or above;
 - provide singing opportunities and musical education for at least 750 5-18 year olds every year;
 - grow annual visitor income (including donations) by 50%;
- Priority 2 - ensure the Cathedral remains open and relevant for generations to come:
 - achieve the "investing in Volunteers" quality standard and score at least 80% in our volunteer satisfaction survey;
 - ensure the Cathedral is open for future generations by growing general fund reserves to £800,000;
 - complete all Cathedral conservation and improvement works outlined in the Development Plan;
 - train at least 15 new apprentices;
- Priority 3 - use the Cathedral's assets and partnerships for a positive contribution to the local community:
 - increase the Cathedral's active engagement with children and young people by 25%;
 - reduce the Cathedral's carbon footprint and achieve Eco Church Gold Award status;
 - actively support at least 40 people experiencing homelessness to access new opportunities for personal development and well-being;
 - create a well-being garden with an associated activity and outreach programme.

As a result of the Covid-19 pandemic these plans are on hold and will be revived as soon as it is clear that the worst of the pandemic is over and economic activity is starting to pick up.

Transactions with members of Chapter and other connected persons

There were no transactions between the Cathedral and members of Chapter and other connected persons in the year.

Provision of information to auditors

In so far as each member of Chapter is aware there is no relevant audit information of which the Cathedral's auditor is unaware, and members of the Chapter have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

For and behalf of the Chapter

The Dean

Date: 23rd July, 2020

THE CATHEDRAL CHURCH OF ST PETER. AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

INDEPENDENT AUDITORS' REPORT TO THE CHAPTER

Opinion

We have audited the Consolidated Financial Statements of the Cathedral for the year ended 31st December, 2019 which comprise financial statements such as the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Cathedral only Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)), including Financial Reporting Standard 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) and, in particular, Section 27 of the Cathedrals Measure 1999.

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Cathedral's affairs as at 31st December, 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with UK GAAP and Section 27 of the Cathedrals Measure 1999; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 auditors' responsibilities for the audit of the accounts section of our report. We are independent of the Cathedral in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council's (FRC) 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.

Material uncertainty related to going concern

We draw attention to the going concern paragraph in Accounting Policies on page 19, which indicates that there is a small deficit on the day-to-day administrative fund, the general fund, and that this deficit is likely to increase in the coming year. As stated on page 19, these events or conditions, along with other matters reported there, indicate that a material uncertainty exists that may cast doubt on the Cathedral's ability to continue as a going concern. Our opinion is not modified in this respect

Other information

The other information comprises the information included in the Annual Report of the Dean and Chapter, other than the Financial Statements and our auditors' report thereon. The Chapter is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY,
GLOUCESTER**

INDEPENDENT AUDITORS' REPORT TO THE CHAPTER (continued)

Responsibilities of the Chapter

As explained more fully in the Statement of Responsibilities of the Chapter, the Chapter is 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 Chapter determines 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 Chapter is 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 Chapter either intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 accounts.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

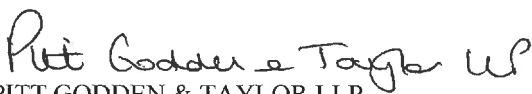
Other matters which we are required to address

Your attention is drawn to the fact that the Cathedral has prepared accounts in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice" applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1st April, 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the Financial Statements to provide a true and fair view in accordance with UK GAAP effective for reporting periods beginning on or after 1st January, 2015.

Use of our report

This report is made solely to the Chapter. Our audit work has been undertaken so that we might state to the Chapter those matters we are required to state to it in an auditors' 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 as a body, for our audit work, for this report, or for the opinions we have formed.


PITT GODDEN & TAYLOR LLP
Statutory Auditor

Unit 3, Ambrose House
Meteor Court,
Barnett Way,
Barnwood,
Gloucester, GL4 3GG

23rd July, 2020

Pitt Godden & Taylor is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY,
GLOUCESTER**

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31st December, 2019

		Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
	Notes					
Income & endowments from:	1					
Donations & legacies		813	577	-	1,390	710
Grants in support of mission		-	592	-	592	512
Charges & fees arising in the course of mission		210	-	-	210	182
Trading & fundraising		645	-	-	645	519
Income from investments		786	9	116	911	686
Total income and endowments 2019		2,454	1,178	116	3,748	2,609
<i>Total income and endowments 2018</i>		<i>1,660</i>	<i>862</i>	<i>87</i>	<i>2,609</i>	
Expenditure on:	2					
Raising funds		803	-	29	832	636
Ministry		292	280	116	688	655
Cathedral & precincts upkeep		456	587	-	1,043	1,028
Education & outreach		79	4	-	83	55
Community & congregation		8	40	-	48	28
Other expenditure		437	194	-	631	407
Total expenditure 2019		2,075	1,105	145	3,325	2,809
<i>Total expenditure 2018</i>		<i>1,735</i>	<i>979</i>	<i>95</i>	<i>2,809</i>	
Net income/(expenditure) before net gains on investments		379	73	(29)	423	(200)
Net gains on investments	3	-	13	862	875	69
Net income/(expenditure)		379	86	833	1,298	(131)
Other recognised (losses)/gains	4	(20)	-	80	60	62
Net movement in funds		359	86	913	1,358	(69)
Reconciliation of funds						
Total funds brought forward		(403)	535	17,211	17,343	17,412
Total funds carried forward		(44)	621	18,124	18,701	17,343
Note						
Funds carried forward excluding pension liability		24	621	18,124	18,769	17,396
Pension liability	19	(68)	-	-	(68)	(53)
Total funds carried forward		(44)	621	18,124	18,701	17,343

The accompanying accounting policies and notes form an integral part of these Financial Statements

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY,
GLOUCESTER**

CONSOLIDATED BALANCE SHEET
At 31st December, 2019

	Notes	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Fixed assets						
Investment assets						
Freehold property	5	-	-	9,765	9,765	9,780
Investments	5	-	241	4,745	4,986	4,316
		-	241	14,510	14,751	14,096
Tangible fixed assets						
Freehold property	5	-	-	3,767	3,767	3,461
Equipment & plant	5	116	4	-	120	108
		116	4	3,767	3,887	3,569
Total fixed assets		116	245	18,277	18,638	17,665
Current assets						
Stocks		39	-	-	39	33
Debtors	8	665	608	155	1,428	1,009
Cash at bank and in hand		346	11	-	357	531
		1,050	619	155	1,824	1,573
Liabilities due within one year						
Creditors	9	842	243	100	1,185	1,217
Net current assets		208	376	55	639	356
Total fixed assets plus net current assets		324	621	18,332	19,277	18,021
Liabilities due after one year						
Creditors	9	(300)	-	(208)	(508)	(625)
Defined benefit pension scheme liability	19	(68)	-	-	(68)	(53)
Total net (liabilities)/assets		(44)	621	18,124	18,701	17,343
The funds of the Cathedral						
Endowment funds	10	-	-	4,865	4,865	4,237
General funds	11	(44)	-	-	(44)	(403)
Restricted funds						
Fabric	12	-	420	-	420	365
Music	12	-	190	-	190	159
Other	12	-	11	-	11	11
Property revaluation reserve						
Investment property	13	-	-	9,492	9,492	9,513
Non-investment property	13	-	-	3,767	3,767	3,461
Total funds of the Cathedral		(44)	621	18,124	18,701	17,343

The financial statements set out on pages 15 to 38 were approved by the Chapter on 23rd July, 2020 and were signed on its behalf by:

The Dean

Chapter Member

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY,
GLOUCESTER**

CATHEDRAL ONLY BALANCE SHEET

At 31st December, 2019

	Notes	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Fixed assets						
Investment assets						
Freehold property	5	-	-	9,765	9,765	9,780
Investments	5	-	241	4,745	4,986	4,316
		-	241	14,510	14,751	14,096
Tangible fixed assets						
Freehold property	5	-	-	3,767	3,767	3,461
Equipment & plant	5	116	4	-	120	108
		116	4	3,767	3,887	3,569
Total fixed assets		116	245	18,277	18,638	17,665
Current assets						
Debtors	8	741	608	155	1,504	1,059
Cash at bank and in hand		293	11	-	304	431
		1,034	619	155	1,808	1,490
Liabilities due within one year						
Creditors	9	826	243	100	1,169	1,182
Net current assets		208	376	55	639	308
Total fixed assets plus net current assets		324	621	18,332	19,277	17,973
Liabilities due after one year						
Creditors	9	(300)	-	(208)	(508)	(625)
Defined benefit pension scheme liability	19	(68)	-	-	(68)	(53)
Total net (liabilities)/assets		(44)	621	18,124	18,701	17,295
The funds of the Cathedral						
Endowment funds	10	-	-	4,865	4,865	4,237
General funds	11	(44)	-	-	(44)	(451)
Restricted funds						
Fabric	12	-	420	-	420	365
Music	12	-	190	-	190	159
Other	12	-	11	-	11	11
Property revaluation reserve						
Investment property	13	-	-	9,492	9,492	9,513
Non-investment property	13	-	-	3,767	3,767	3,461
Total funds of the Cathedral		(44)	621	18,124	18,701	17,295

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The Dean

Chapter Member

**THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY,
GLOUCESTER**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st December, 2019

	2019 £000	2018 £000
Cash flows from operating activities		
Net cash used in operating activities	(696)	(473)
Cash flows from investing activities		
Rents received net of costs	530	440
Interest and dividends received net of costs	167	126
Purchase of equipment & plant	(53)	(14)
Purchase of investments	(18)	(267)
Proceeds from sale of investments	13	-
Net cash provided by investing activities	639	285
Cash flows from financing activities		
Cash inflows from new borrowing	-	252
Repayments of borrowing	(117)	(10)
Change in cash and cash equivalents in the reporting period	(174)	54
Cash and cash equivalents at the beginning of the reporting period	573	519
Cash and cash equivalents at the end of the reporting period	399	573

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2019 £000	2018 £000
Reconciliation of net expenditure to net cash flow from operating activities		
Net income/(expenditure) for the reporting period	423	(200)
Depreciation	41	25
Less: income from property and investments	(911)	(686)
Add: property management costs, rental collection fees and investment management costs	214	120
(Less)/Add: non-actuarial effect of non-cash defined benefit pension scheme (credits)/debits	(5)	16
(Increase)/Decrease in stocks	(6)	9
(Increase)/Decrease in debtors	(420)	644
(Decrease) in creditors	(32)	(401)
Net cash used in operating activities	(696)	(473)

Cash and cash equivalents and net debt comprise the following balances:

	At 01.01.19	Cashflows	Other non-cash changes	At 31.12.19
	£000	£000	£000	£000
Cash at bank in hand	531	(174)	-	357
Cash held as investment assets	42	-	-	42
Total cash and cash equivalents	573	(174)	-	399
Loans from Lloyds Bank plc	(242)	17	-	(225)
Loan from the Diocese of Gloucester	(500)	100	-	(400)
Total net debt	(169)	(57)	-	(226)

THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31st December, 2019

The principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Cathedral's Financial Statements, and have remained unchanged from the previous accounting period, except where stated.

Basis of preparation

The Financial Statements have been prepared in accordance with the recommendations of Section 27 of the Cathedrals Measure 1999, as revised in December 2018 in the Accounting and Reporting Regulations for English Anglican Cathedrals, which incorporates the requirements of FRS 102 (the Financial Reporting Standard in the UK and Republic of Ireland), and the Statement of Recommended Practice 'Accounting and Reporting by Charities' 2019. They have been prepared on the historical cost convention, as modified to include the revaluation of investments and freehold property.

The Financial Statements have been prepared in order to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent necessary to provide a 'true and fair' view. The departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16th July, 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1st April, 2005 which has since been withdrawn.

The Financial Statements are presented in pounds sterling which is the functional currency of the Cathedral. The figures are rounded to the nearest £000s.

In 2018 the Cathedral changed its accounting date from March to December. The comparative figures for 2018 are for the nine months ended 31st December, 2018.

Going concern

The Cathedral has generated a surplus for the year on its general fund of £359,000, compared with a deficit of £73,000 for the nine months ended 31st December, 2018, and the accumulated deficit on the fund has reduced from £403,000 to £44,000. Chapter had agreed a budget for 2020 which would further reduce this accumulated deficit, with increases in income from visitors using entry by donation, commercial income from such activities as filming and receipt of a significant legacy. The initiatives on visitor and commercial income are suspended because of the Covid-19 pandemic. As soon as HM Government imposed a lockdown at the end of March, 2020 Chapter moved swiftly to contain its spending by furloughing as many staff as possible and cutting expenditure on all but essential items. Chapter has also taken advantage of all possible schemes for relief from charges, either through grants or deferral of cash outlay and, like all other cathedrals in England and Wales, has received advance payments as lump sums of certain grants normally paid in monthly instalments. It also asked the Gloucester Diocesan Board of Finance to defer a loan repayment of £100,000 due at the beginning of April, 2020. The Cathedral has an overdraft facility and may apply for loan funding under the Coronavirus Business Interruption Loan Scheme if that is necessary to continue its reduced operations. The Cathedral will also take advantage of any further grants made available by the Church Commissioners.

Chapter has been notified that it is to receive a substantial legacy and received an interim distribution of £250,000 in June, 2020 which is included in these financial statements. It does not yet know the amount of the final distribution, nor when it will be paid, and for these reasons an estimate of the amount still to be received is not included in these financial statements or in its budget for 2020.

The biggest difficulty for Chapter in trying to forecast its financial position for the next twelve months is uncertainty about continuation of the present restrictions, the timing and extent of any relaxation of the regulations and the speed at which the Cathedral can expect to see its income streams return to the levels it experienced in 2019 and the first two months of 2020. In its scenario planning Chapter has assumed three scenarios for the resumption of normal operations, with the worst case extending into 2022, and its financial planning and cash flows have been modelled on these scenarios.

On basis of the above Chapter believes that the Cathedral has adequate cash resources to continue in operational existence until the end of July, 2021 without further support from the Church Commissioners and continues to use the going concern basis of accounting in preparing the annual Financial Statements.

THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

STATEMENT OF ACCOUNTING POLICIES (continued)

For the year ended 31st December, 2019

Basis of consolidation

The Financial Statements consolidate the results of the Cathedral and its wholly owned subsidiary Gloucester Cathedral Enterprises Limited (GCE), which operates a gift shop and coffee shop (The Monk's Kitchen) within the Cathedral building. The Cathedral controls 100% of the voting rights of the shares in GCE. A description of the Cathedral's objects is given in the Annual Report of the Dean and Chapter. For the year ended 31st December, 2019 GCE's turnover was £467,121 (31.12.18: £367,907) and the gift aid distribution paid to the Cathedral was £96,664 (31.12.18: £Nil). At 31st December, 2018 GCE had assets of £93,476 (31.12.18: £137,457), liabilities of £93,586 (31.12.18: £89,152) and capital and reserves of £(115) (31.12.18: £48,305). The accounts for the period ended 31st December, 2019 have been audited and there was no audit qualification.

Income & endowments

Income & endowments comprises the amounts receivable for donations, legacies, grants, charges and fees arising in the course of mission and income from generating funds, and are accounted for in the period in which the conditions for entitlement, probability and measurement are met. Investment income is accounted for when received.

Expenditure

Liabilities recognised as expenditure are included in the period when there is a legal or constructive obligation committing the Cathedral to the expenditure.

Investments

Investments are stated at market value and any capital appreciation or depreciation each year is adjusted through the respective fund account.

Freehold property

Investment freehold property is stated at fair value and is not depreciated. The Cathedral has adopted a policy of revaluation in respect of its non-investment freehold property, which is stated at fair value and is depreciated over its estimated useful life (50 years for buildings and indefinite for land) based on the difference between its accounts valuation and its estimated realisable value. Where such depreciation is considered to be immaterial it has not been provided for. Capital appreciation or depreciation on freehold property each year is adjusted through the endowment funds account. The valuations at the balance sheet date were made by Messrs Bruton Knowles, property consultants, as at 31st March, 2016 and uprated by the Cathedral as at 31st December, 2019 using an appropriate property index. These valuations do not include any value for the Cathedral building or its inventory.

Freehold property improvements

Expenditure on freehold property improvements is charged to the general fund.

Heritage assets

Heritage assets include the Cathedral and its ancillary buildings and the items in the inventory prepared under section 24(1) of the Care of Cathedrals Measure 2011. No value has been attributed to these assets acquired before 1st January, 2019 because information on their historical cost is not available. Items donated since 1st January, 2019 should be valued in the year of acquisition and shown as heritage assets unless there is insufficient information available for a reliable estimate of the value of the assets. There were no heritage assets donated in the year ended 31st December, 2019.

Equipment & plant

Equipment & plant assets are capitalised at cost when their acquisition value is greater than £500, and are stated at cost less depreciation. Depreciation is provided at rates calculated to write down the cost less the estimated residual value of each asset by equal annual instalments over its expected useful life, as follows: equipment - 25% straight line, and fixtures and fittings - 10% straight line.

Stocks

Stocks are stated at the lower of cost and net estimated selling price.

THE CATHEDRAL CHURCH OF ST. PETER AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

STATEMENT OF ACCOUNTING POLICIES (continued) **For the year ended 31st December, 2019**

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are measured initially at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are recognised initially at transaction price unless the arrangement constitutes a financing transaction, when the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

For concessionary loans the Cathedral has opted to recognise such loans initially at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are treated as non-current liabilities. Trade and other payables are recognised initially at transaction price and subsequently measured at transaction price less impairment, where due in one year or less, otherwise at amortised cost, using the effective interest rate method.

Contributions to Pension Funds

The pension costs charged in the financial statements represent the contributions payable by the Cathedral during the year, together with the effects of any movements on the defined benefit pension scheme liability, in accordance with FRS 102.

Funds

Endowment funds are the non-expendable permanent capital of the Cathedral. Income earned on general endowment assets is credited to general funds and income earned on Choristers' Endowment assets is used to pay the Cathedral's share of choristers' fees.

Restricted funds, and the income earned on them, are to be used for the purposes specified by the donors, the assets of which are held separately from the Cathedral's other assets.

General funds are capital which is unrestricted and can be utilised at the discretion of the Chapter in furtherance of the Cathedral's objects.

Designated funds are unrestricted funds which have been set aside by the Chapter for specific purposes.

Details of the funds, the movement on them in the accounting period and the balances at the end of it are set out in Notes 10, 11, 12 & 13 to the Financial Statements.

The Friends of Gloucester Cathedral

The Friends of Gloucester Cathedral is an independent fund raising charity, charity registration number 209246, which makes grants to the Cathedral. The objects of The Friends are to ensure the material well-being and to extend the spiritual influence of the Cathedral. In the furtherance of these objects The Friends cooperates with the Chapter in maintaining, conserving and improving the fabric, fittings, ornaments, furniture and monuments of and in the Cathedral Church and its precincts, supporting the religious and musical standards of the Cathedral Church and offering voluntary services to assist in the work of the Cathedral Church.

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STATEMENT OF ACCOUNTING POLICIES (continued)
For the year ended 31st December, 2019

Income received in the year by the Cathedral from The Friends is shown as donations within income from the Friends in Note 1 to the financial statements. The financial statements of the Friends of Gloucester Cathedral are not consolidated within these financial statements but, under section 3.10.2 of the Accounting and Reporting Regulations for English Anglican Cathedrals, a summary of its financial position for the year ended 31st December, 2019 and the seven preceding years, which were independently examined, is set out in the table below. The figures for 2019 are based on the available draft financial statements; they will not become final until the Annual General Meeting, which has been postponed until December, 2020 due to the Covid-19 pandemic.

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Income	92	105	124	94	341	86	80	87
Grants to the Cathedral	(55)	(134)	(76)	(89)	(267)	(206)	(195)	(103)
Other resources expended	(25)	(26)	(26)	(26)	(26)	(29)	(29)	(26)
Realised and unrealised gains/(losses)	98	(36)	54	59	(17)	(8)	99	55
Net movement in funds for the year	110	(91)	76	38	31	(157)	(45)	13
Gross assets	927	866	912	842	823	768	926	1,009
Net assets	925	815	906	830	792	761	918	963

The Friends has budgeted in 2020 to provide £100,000 for Project Pilgrim, £35,000 for music, and £100,000 emergency funding to support music and fabric spending during the Covid-19 pandemic.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st December, 2019

1 Income & endowments					
	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Donations & legacies					
Congregational collections & giving	104	-	-	104	79
Donations	408	416	-	824	374
Tax recoverable under Gift Aid	40	-	-	40	18
Income from The Friends	-	104	-	104	89
Legacies	261	57	-	318	150
Total 2019	813	577	-	1,390	710
<i>Total 2018</i>	<i>367</i>	<i>343</i>	<i>-</i>	<i>710</i>	
Grants in support of mission					
Church Commissioners	-	331	-	331	175
Gloucestershire County Council	-	50	-	50	-
Heritage Lottery Fund	-	211	-	211	320
Other	-	-	-	-	17
Total 2019	-	592	-	592	512
<i>Total 2018</i>	<i>-</i>	<i>512</i>	<i>-</i>	<i>512</i>	
Charges & fees arising in the course of mission					
Facility and other fees 2019	210	-	-	210	182
<i>Facility and other fees 2018</i>	<i>182</i>	<i>-</i>	<i>-</i>	<i>182</i>	
Trading & fundraising					
Charges to visitors	178	-	-	178	151
Income from the shop, coffee shop & other activities	467	-	-	467	368
Total 2019	645	-	-	645	519
<i>Total 2018</i>	<i>519</i>	<i>-</i>	<i>-</i>	<i>519</i>	
Investments					
Income from investment property	744	-	-	744	560
Income from other investments	42	9	116	167	126
Total 2019	786	9	116	911	686
<i>Total 2018</i>	<i>592</i>	<i>7</i>	<i>87</i>	<i>686</i>	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31st December, 2019

1 Income & endowments (continued)

Investment income earned from assets in each major group of funds and its allocation to funds in the Consolidated Statement of Financial Activities is as follows:

	Income earned		Income allocated to funds	
	2019	2018	2019	2018
	£000	£000	£000	£000
Endowment funds	158	119	116	87
Restricted funds	9	7	9	7
General funds	-	-	42	32
	<u>167</u>	<u>126</u>	<u>167</u>	<u>126</u>

Income earned on general endowment funds is allocated to general funds. For the year ended 31st December, 2019 this amounted to £42,597 (2018: £31,709).

2 Expenditure

	Unrestricted Funds General	Restricted Funds	Endowment Funds	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Raising funds					
Costs of facilities for visitors	7	-	-	7	46
Costs of shop, refectory and other activities	418	-	-	418	318
General marketing costs	65	-	-	65	50
Costs of appeals and fundraising	127	-	-	127	101
Investment property costs	185	-	29	214	120
Net defined benefit pension interest charge	1	-	-	1	1
Total 2019	<u>803</u>	<u>-</u>	<u>29</u>	<u>832</u>	<u>636</u>
Total 2018	<u>628</u>	<u>-</u>	<u>8</u>	<u>636</u>	
Ministry					
Clergy stipends & working expenses	2	137	-	139	103
Clergy housing costs	61	-	-	61	82
Clergy support costs	57	-	-	57	45
Services and music	172	143	116	431	425
Total 2019	<u>292</u>	<u>280</u>	<u>116</u>	<u>688</u>	<u>655</u>
Total 2018	<u>328</u>	<u>240</u>	<u>87</u>	<u>655</u>	
Cathedral & precincts upkeep					
Major repairs & restoration	11	291	-	302	194
Project Pilgrim	-	290	-	290	426
Maintenance & interior upkeep	137	6	-	143	119
Cathedral insurance	45	-	-	45	37
Precincts, security & garden upkeep	21	-	-	21	14
Support costs	242	-	-	242	238
Total 2019	<u>456</u>	<u>587</u>	<u>-</u>	<u>1,043</u>	<u>1,028</u>
Total 2018	<u>384</u>	<u>644</u>	<u>-</u>	<u>1,028</u>	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

2 Expenditure (continued)

	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Education & outreach					
Educational activities	47	-	-	47	33
Archives & library	25	4	-	29	19
Charitable & other giving	7	-	-	7	3
Total 2019	79	4	-	83	55
<i>Total 2018</i>	<i>54</i>	<i>1</i>	<i>-</i>	<i>55</i>	
Community & congregation					
Total 2019	8	40	-	48	28
<i>Total 2018</i>	<i>4</i>	<i>24</i>	<i>-</i>	<i>28</i>	
Other expenditure					
Support costs					
Total 2019	437	194	-	631	407
<i>Total 2018</i>	<i>337</i>	<i>70</i>	<i>-</i>	<i>407</i>	
Included in Support costs in Other expenditure is irrecoverable VAT of				3	8

3 Net gains on investments

Investment property	-	-	205	205	(19)
Investments	-	13	657	670	88
Total 2019	-	13	862	875	69
<i>Total 2018</i>	<i>-</i>	<i>4</i>	<i>65</i>	<i>69</i>	

4 Other recognised gains

Non-investment property	-	-	80	80	60
Actuarial gains/(losses) on defined benefit pension scheme	(20)	-	-	(20)	2
Total 2019	(20)	-	80	60	62
<i>Total 2018</i>	<i>2</i>	<i>-</i>	<i>60</i>	<i>62</i>	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

5 Fixed assets: freehold property, investments, equipment & plant

	Notes	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Investment assets: Freehold Property						
(at fair value)						
<i>Consolidated and Cathedral only</i>						
At 1 st January, 2019		-	-	9,780	9,780	9,510
Reclassification in year		-	-	(226)	(226)	22
Renovation work in year		-	-	5	5	267
Revaluation in year		-	-	206	206	(19)
At 31 st December, 2019		-	-	9,765	9,765	9,780
Investment assets: Investments						
<i>Consolidated and Cathedral only</i>						
Endowment funds investments at market value	6	-	-	4,745	4,745	4,088
Restricted fund investments at market value	7	-	241	-	241	228
At 31 st December, 2019		-	241	4,745	4,986	4,316
Investments are classified as follows:						
Variable interest		-	-	-	-	13
Equities		-	199	4,745	4,944	4,261
Deposits		-	42	-	42	42
		-	241	4,745	4,986	4,316
Non-investment assets: Freehold Property for Cathedral use						
(at fair value)						
<i>Consolidated and Cathedral only</i>						
At 1 st January, 2019		-	-	3,461	3,461	3,423
Reclassification in year		-	-	226	226	(22)
Revaluation in year		-	-	80	80	60
At 31 st December, 2019		-	-	3,767	3,767	3,461
Non-investment properties are held and used as follows:						
For Cathedral clergy and staff housing		-	-	2,721	2,721	2,438
For the education centre		-	-	85	85	83
For Cathedral trading activities		-	-	961	961	940
		-	-	3,767	3,767	3,461

The investment and non-investment properties were revalued as at 31st March, 2016 by an independent valuer on the basis of fair value. This valuation has been uprated by the Chapter as at 31st December, 2019 using an appropriate property index. Under the historical cost basis the properties would have had a carrying value of £272,592 (2018: £267,433).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

5 Fixed assets: freehold property, investments, equipment & plant (continued)

	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Equipment & plant					
<i>Consolidated and Cathedral only</i>					
Cost					
At 1 st January, 2019	151	10	-	161	147
Additions	53	-	-	53	14
At 31 st December, 2019	204	10	-	214	161
Depreciation					
At 1 st January, 2019	50	3	-	53	28
For the year	38	3	-	41	25
At 31 st December, 2019	88	6	-	94	53
Net book amount					
At 31 st December, 2019	116	4	-	120	108
At 31 st December, 2018	101	7	-	108	119

6 Endowment funds investments

Consolidated and Cathedral only

	2019 £000	2018 £000
General endowment		
Investments	1,131	1,023
Choristers' endowment		
Investments	3,614	3,065
Total endowment fund investments	4,745	4,088
The increase in the value of investments relates to:		
At 1 st January, 2019	4,088	4,004
Increase in market value	657	85
Movements in deposit and cash balances	-	(1)
At 31 st December, 2019	4,745	4,088

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

7 Restricted funds investments		
	2019 £000	2018 £000
<i>Consolidated and Cathedral only</i>		
Fabric		
General fabric fund - CBF Church of England Deposit Fund	42	42
Total fabric fund investments	42	42
Music		
Grants & donations investments	107	107
Herbert Reeve fund investments	92	79
Total music fund investments	199	186
Other restricted fund investments		
Three Choirs Charity – CBF Church of England Deposit fund	-	-
Total other restricted fund investments	-	-
Total restricted fund investments	241	228
The increase in the value of restricted fund investments relates to:		
At 1 st January, 2019	228	340
Increase in market value	13	3
Purchase of investments	13	-
Disposal of investments	(13)	-
Movements in deposit and cash balances	-	(115)
At 31 st December, 2019	241	228

8 Debtors					
	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
<i>Consolidated</i>					
Amounts falling due within one year:					
Trade debtors (including rents receivable)	153	-	-	153	51
Other debtors	512	608	155	1,275	958
	665	608	155	1,428	1,009
<i>Cathedral only</i>					
Amounts falling due within one year:					
Trade debtors (including rents receivable)	152	-	-	152	47
Gloucester Cathedral Enterprises Limited	77	-	-	77	55
Other debtors	512	608	155	1,275	957
	741	608	155	1,504	1,059

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31st December, 2019

9 Creditors

	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
<i>Consolidated</i>					
Amounts falling due within one year:					
Trade creditors	213	-	-	213	197
Other creditors	529	243	83	855	903
Loans from Lloyds Bank plc	-	-	17	17	17
Loan from the Diocese of Gloucester	100	-	-	100	100
	<u>842</u>	<u>243</u>	<u>100</u>	<u>1,185</u>	<u>1,217</u>
<i>Cathedral only</i>					
Amounts falling due within one year:					
Trade creditors	200	-	-	200	183
Other creditors	526	243	83	852	882
Loans from Lloyds Bank plc	-	-	17	17	17
Loan from the Diocese of Gloucester	100	-	-	100	100
	<u>826</u>	<u>243</u>	<u>100</u>	<u>1,169</u>	<u>1,182</u>
<i>Consolidated</i>					
Amounts falling due after one year:					
Loans from Lloyds Bank plc	-	-	208	208	225
Loan from the Diocese of Gloucester	300	-	-	300	400
	<u>300</u>	<u>-</u>	<u>208</u>	<u>508</u>	<u>625</u>
<i>Cathedral only</i>					
Amounts falling due after one year:					
Loans from Lloyds Bank plc	-	-	208	208	225
Loan from the Diocese of Gloucester	300	-	-	300	400
	<u>300</u>	<u>-</u>	<u>208</u>	<u>508</u>	<u>625</u>

The loans from Lloyds Bank plc in respect of the renovation of Monument House have two elements. Of the total amount outstanding at 31st December, 2019 £107,930 is repayable by monthly instalments to April, 2028 and carries an interest rate of 5.69% and £117,416 is repayable by monthly instalments to April, 2033 and carries an interest rate of 4.15% above base rate. The mortgage is secured on Gloucester Cathedral. The loan from the Diocese of Gloucester is unsecured and carries an interest rate of 0.5%. In June, 2020 the Diocese agreed to reschedule the loan to cancel the annual repayment instalments and to make the loan repayable in ten years on 1 April, 2028. On this revised basis the total amount outstanding of £400,000 would be reported below in the category of 'In five years or more'.

Amounts fall due on the loans from Lloyds Bank plc and the Diocese of Gloucester as follows:

	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2019 £000	Total 2018 £000
Within one year	100	-	17	117	117
Between one and two years	100	-	18	118	118
Between two and five years	200	-	60	260	358
In five years or more	-	-	130	130	149
	<u>400</u>	<u>-</u>	<u>225</u>	<u>625</u>	<u>742</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31st December, 2019

10 Endowment funds

<i>Consolidated and Cathedral only</i>	General £000	Choristers £000	Total £000
At 1 st January, 2019	1,018	3,219	4,237
Incoming resources			
Investment income	-	116	116
Other recognised/unrecognised gains: other investments	108	549	657
Expenditure			
Interest payable on loans from Lloyds Bank plc	(29)	-	(29)
Services and music	-	(116)	(116)
At 31 st December, 2019	1,097	3,768	4,865

11 General funds

	Consolidated £000	Cathedral only £000
At 1 st January, 2019	(403)	(451)
Net movement in funds	359	407
At 31 st December, 2019	(44)	(44)

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For the year ended 31st December, 2019

12 Restricted funds – Income & endowments and Expenditure

<i>Consolidated and Cathedral only</i>	Balance at 01.01.19 £000	Income £000	Expenditure £000	Balance at 31.12.19 £000
Fabric				
Fabric	29	53	52	30
Ambulatory	-	220	171	49
Lady Chapel	-	-	(12)	12
Font	50	-	1	49
Major repairs & restoration	95	-	20	75
Drains project	9	(2)	(4)	11
Nave/Abbots roof	2	-	2	-
Project Pilgrim	179	287	295	171
Lower College Green and war memorial	-	9	8	1
Bell ropes	1	-	-	1
Lobby door project	-	20	20	-
Candlestick	-	1	1	-
Stonemasons	-	55	34	21
Total	365	643	588	420
Music				
Grants & donations	13	53	53	13
Choristers	-	60	60	-
Choir tour	8	17	16	9
Edith Park (for Choristers' musical instruments)	27	-	-	27
Herbert Reeve (for organ)	79	16	3	92
Stott Foundation (for organist)	10	-	-	10
Youth Choir	13	4	4	13
Girls Choir	-	5	5	-
Organ	-	15	2	13
Outreach	9	4	-	13
Total	159	174	143	190
Other				
Archives & library	2	2	4	-
Three Choirs Charity	6	-	-	6
Church Commissioners	1	331	331	1
Great Place	-	32	32	-
Breakfast Club	2	7	5	4
Flower Guild	-	1	1	-
Social responsibility	-	1	1	-
Total	11	374	374	11
Total restricted funds	535	1,191	1,105	621

The income on restricted funds of £1,191,000 is shown on the Statement of Financial Activities as income & endowments of £1,178,000 and net gains on investments of £13,000. Detailed information of the income and expenditure on restricted funds is given on the following two pages.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 31st December, 2019

12 Restricted funds (continued) – Income

Fabric funds	Donations £000	Friends £000	Legacies £000	Grants £000	Total £000
Fabric	5	-	48	-	53
Ambulatory	170	50	-	-	220
Drains project	(2)	-	-	-	(2)
Project Pilgrim	26	-	-	261	287
Lower College Green & war memorial	9	-	-	-	9
Lobby doors	-	20	-	-	20
Candlestick	1	-	-	-	1
Stonemasons	46	-	9	-	55
Total	255	70	57	261	643
Music funds	Donations £000	Friends £000	Investments £000	Other gains & losses £000	Total £000
Grants & donations	30	18	5	-	53
Choristers	48	12	-	-	60
Choir tour	16	-	1	-	17
Herbert Reeve	-	-	3	13	16
Youth Choir	4	-	-	-	4
Girls Choir	1	4	-	-	5
Organ	15	-	-	-	15
Outreach	4	-	-	-	4
Total	118	34	9	13	174
Other funds	Donations £000			Grants £000	Total £000
Archives & Library	2	-	-	-	2
Church Commissioners	-	-	-	331	331
Great Place	32	-	-	-	32
Breakfast Club	7	-	-	-	7
Flower Guild	1	-	-	-	1
Social responsibility	1	-	-	-	1
Total	43	-	-	331	374
Total funds		Fabric £000	Music £000	Other £000	Total £000
Donations		255	118	43	416
Friends of Gloucester Cathedral		70	34	-	104
Legacies		57	-	-	57
Grants		261	-	331	592
Investments		-	9	-	9
Other gains & losses		-	13	-	13
Total		643	174	374	1,191

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

12 Restricted funds (continued) – Expenditure					
Fabric funds	Maintenance & upkeep £000	Project Pilgrim £000	Major repairs £000	Total £000	
Fabric	5	-	47	52	
Ambulatory	-	-	171	171	
Lady Chapel	-	-	(12)	(12)	
Font	-	-	1	1	
Major repairs & restoration	-	-	20	20	
Drains project	-	(4)	-	(4)	
Nave & Abbots roof	-	-	2	2	
Project Pilgrim	-	295	-	295	
Lower College Green & war memorial	-	-	8	8	
Lobby doors	-	-	20	20	
Candlestick	1	-	-	1	
Stonemasons	-	-	34	34	
Total	6	291	291	588	
Music funds			Services & music £000	Total £000	
Grants & donations			53	53	
Choristers			60	60	
Choir tour			16	16	
Herbert Reeve			3	3	
Youth Choir			4	4	
Girls Choir			5	5	
Organ			2	2	
Total			143	143	
Other funds	Support costs £000	Archives & library £000	Clergy stipends & expenses £000	Community & congregation £000	Total £000
Archives & library	-	4	-	-	4
Church Commissioners	194	-	137	-	331
Great Place	-	-	-	32	32
Breakfast Club	-	-	-	5	5
Flower Guild	-	-	-	1	1
Social responsibility	-	-	-	1	1
Total	194	4	137	39	374
Total funds	Fabric £000	Music £000	Other £000	Total £000	
Maintenance & upkeep	6	-	-	6	
Project Pilgrim	291	-	-	291	
Major repairs	291	-	-	291	
Services & music	-	143	-	143	
Support costs	-	-	194	194	
Cathedral precincts	-	-	4	4	
Clergy stipends & expenses	-	-	137	137	
Community	-	-	39	39	
Total	588	143	374	1,105	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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13 Property revaluation reserve

Consolidated and Cathedral only

	Investment property		Non-investment property	
	2019	2018	2019	2018
	£000	£000	£000	£000
At 1 st January, 2019	9,513	9,510	3,461	3,424
Reclassifications in the year	(226)	22	226	(22)
Revaluations in the year	205	(19)	80	59
At 31 st December, 2019	9,492	9,513	3,767	3,461

14 Staff costs

The average number of paid employees working for the Cathedral during the period was:

	2019	2018	2019	2018
	No.	No.	Full time equivalents	
Full time	40	37	40	37
Part time:				
contracted hours	33	35	23	16
pool employees, no contracted hours	11	8	3	1
	84	80	66	54

Total emoluments including pension payments for the above amounted to:

	Gross pay	Employer's NIC	Employer's pension	Total 2019	Total 2018
	£000	£000	£000	£000	£000
Clergy stipends & working expenses:					
The Dean	37	3	12	52	40
Canon Mitchell	29	3	9	41	30
Canon Thomson	30	3	10	43	32
Clergy support costs	32	3	2	37	27
General marketing	44	4	2	50	38
Costs of raising funds	101	9	5	115	88
Services and music	238	13	10	261	187
Project Pilgrim	129	11	7	147	119
Cathedral & precincts upkeep support costs	426	36	21	483	370
Education	37	3	2	42	25
Other expenditure support costs					
The Chapter Steward (as employee)	68	8	5	81	60
Other	264	20	35	319	162
Archive and Library	21	2	1	24	17
Gloucester Cathedral Enterprises Limited	191	11	8	210	148
Total 2019	1,647	129	129	1,905	1,343
Total 2018	1,156	95	92	1,343	

One employee, the Chapter Steward, received emoluments during the year in the band £60,000 - £70,000. Pension benefits for the Chapter Steward are accruing under a defined contribution pension scheme and £5,104 was paid to the scheme during the period. The Chapter Steward is a member of Chapter and is remunerated in

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14 Staff costs (continued)

respect of her position as an employee of the Cathedral, the legal authority for which is the Cathedrals Measure 1999 and the Cathedral's constitution.

The remuneration of, and pension provision for, the Dean and two Residentiary Canons are paid in accordance with scales laid down annually by the Church Commissioners, the Archbishop's Council and the Church of England Pensions Board. The only members of Chapter remunerated by the Cathedral for their services are the Dean, two of the Residentiary Canons and the Chapter Steward. The remuneration for the Dean and the two Residentiary Canons is paid under a S.23 grant from the Church Commissioners, i.e. the cost to the Cathedral is £Nil (31.03.18: £Nil).

The aggregate amount reimbursed to six (2018: six) members of the Chapter was £11,632 (2018: £12,281), in respect of travel, entertaining, training and general administration expenses.

15 Auditors' remuneration

	2019 £000	2018 £000
Remuneration charged in the accounts for the Cathedral's auditors was:		
Audit services	9	6
Other financial services	-	-
	<u>9</u>	<u>6</u>

The remuneration paid to the Cathedral's auditors is included in other expenditure and is the only item of governance costs.

16 Support costs

Support costs included in expenditure in the Financial Statements have been apportioned as follows:

	Direct costs £000	Support costs £000	Total £000
Raising funds	63	-	63
Ministry	2	57	59
Cathedral & precincts upkeep	246	242	488
Other expenditure on mission	3	631	634
Total 2019	<u>314</u>	<u>930</u>	<u>1,244</u>
Total 2018	<u>240</u>	<u>688</u>	<u>928</u>

17 Contingent liabilities

Chapter has completed negotiations with The King's School, Gloucester to vary the agreement dated 2nd August, 2010 whereby the Cathedral was committed to making a contribution to the school fees of boy choristers once they ceased to sing in the choir. This commitment has been terminated. The commitment to pay school fees for current and future ex-choristers who joined the choir before the agreement was varied will continue for nine years. Chapter has forecast the Cathedral's contribution to fees for ex-choristers for the nine years based on the number of boys who qualify for the commitment and on the assumptions that the Cathedral's contribution to fees for ex-choristers at The King's School will be 25%, and annual increases on school fees will be 3.5%, the increase for September, 2019. Based on these assumptions the Cathedral's contribution to fees for ex-choristers at The King's School in the ninth year is estimated at £13,505 (2018: £130,497) and its

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For the year ended 31st December, 2019

17 Contingent liabilities (continued)

aggregate contribution for the nine years is estimated at £550,473 (2018: £564,921 for ten years). These figures will be lower if the number of ex-choristers reduces in any year and/or the annual increases in school fees are lower than 3.5%.

There were no other known contingent liabilities at the balance sheet date (2018: £Nil).

18 Capital commitments

Capital commitments contracted for, but not provided for at 31st December, 2019 amounted to £Nil (2018: £Nil).

19 Pension costs

The Dean and two Residentiary Canons are members of the Church of England Funded Pension Scheme, which is a defined benefit scheme. The Cathedral is unable to identify its share of the underlying assets and liabilities of the scheme. Contributions to the scheme are paid by the Church Commissioners, along with the other remuneration costs for the three clergy, and are shown below. There is an offsetting credit in restricted funds for the Church Commissioners' contribution to the scheme.

	2019	2018
	£000	£000
Contributions to the scheme by the Church Commissioners	31	23
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The Cathedral also contributes to a defined contribution pension scheme in respect of its other employees. The assets of the scheme are held separately from those of the Cathedral in an independently administered fund.

	2019	2018
	£000	£000
Contributions to the scheme	83	70
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The Cathedral also operates a defined benefit pension scheme called The Chapter of Gloucester Life Assurance and Death Benefit Scheme (the Scheme) in respect of certain of its former employees and, where appropriate, their dependents. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The following disclosures exclude any allowance for deferred tax, defined contribution schemes operated by the Cathedral, or discretionary benefits. The Scheme is subject to the Statutory Funding Objective (SFO) under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the SFO is met. As part of the process the Cathedral must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the SFO. The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31st March, 2017. The results of that valuation were updated to 31st December, 2019 allowing for cash flows in and out of the Scheme and changes to assumptions over the period. The next valuation of the Scheme is due as at 31st March, 2020. In the event that the valuation reveals a larger deficit than expected the Cathedral may be required to increase contributions above those set out in the existing Schedule of Contributions; conversely, if the position is better than expected it is possible that contributions may be reduced.

The actuarial valuation as at 31st March, 2017 indicated the Scheme's funding level at that date was 51%, corresponding to a deficit of £68,000 on a technical provisions basis. Recovery plans illustrated in the actuarial valuation were, from 1st April, 2018: 3 years at £21,000 per annum, or 4 years at £15,900 per annum, or 5 years at £12,800 per annum or 10 years at £6,800 per annum, to be paid to the Scheme.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

19 Pension costs (continued)

Explanation of amounts in the financial statements

	2019 £000	2018 £000
<u>Amounts recognised in the balance sheet</u>		
Fair value of assets	66	59
Present value of funded obligations	(134)	(112)
Deficit	(68)	(53)

Amounts recognised in the Statement of Financial Activities over the year

Administration costs	21	15
Interest on liabilities	3	2
Interest on assets	(2)	(1)
Total	22	16

Re-measurements over the year

Loss on Scheme assets in excess of interest	1	2
Losses/(gains) from changes to financial assumptions	19	(4)
Total re-measurements	20	(2)

Reconciliation of assets and Defined Benefit Obligation

The change in assets over the period was:

Fair value of assets at the beginning of the period	59	75
Interest on assets	2	1
Cathedral contributions	27	-
Administration costs	(21)	(15)
Return on Scheme assets less interest	(1)	(2)
Fair value of assets at the end of the period	66	59

Actual return on assets was £1,000

The change in the Defined Benefit Obligation over the period was:

Defined Benefit Obligation at the beginning of the period	112	114
Interest cost	3	2
Changes to financial assumptions	19	(4)
Defined Benefit Obligation at the end of the period	134	112

Assets

The assets are wholly invested in a deposit administration fund with One Family and a pooled bank account with Barnett Waddingham, the Scheme's actuary. The actual return on the Scheme's assets (net of expenses) over the period to the review date was around £Nil. The assets do not include any investment in the Cathedral.

Actuarial assumptions

	2019	2018
Discount rate	2.10%	2.90%
Inflation (RPI)	3.40%	3.60%
Inflation (CPI)	2.40%	2.60%
Pension increases (RPI max. 5% p.a.)	3.30%	3.50%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 31st December, 2019

19 Pension costs (continued)

Post retirement mortality for 31st December, 2019 & 31st December, 2018 – 95% of S2PA tables with CMI 2016 projections with a long term rate of improvement of 1.5% p.a. (31.03.18: 1.5%). Tax free cash for 31st December, 2019 & 31st December, 2018 – no allowance has been made for members to take tax free cash.

20 Comparatives of Consolidated Statement of Financial Activities – nine months ended 31st December, 2018

	Unrestricted Funds General £000	Restricted Funds £000	Endowment Funds £000	Total 2018 £000
Income & endowments from:				
Donations & legacies	367	343	-	710
Grants in support of mission	-	512	-	512
Charges & fees arising in the course of mission	182	-	-	182
Trading & fundraising	519	-	-	519
Income from investments	592	7	87	686
Total income and endowments	1,660	862	87	2,609
Expenditure on:				
Raising funds	628	-	8	636
Ministry	328	240	87	655
Cathedral & precincts upkeep	384	644	-	1,028
Education & outreach	54	1	-	55
Community & congregation	4	24	-	28
Other expenditure	337	70	-	407
Total expenditure	1,735	979	95	2,809
Net expenditure before net gains on investments	(75)	(117)	(8)	(200)
Net gains on investments	-	4	65	69
Net (expenditure)/income	(75)	(113)	57	(131)
Other recognised gains	2	-	60	62
Net movement in funds	(73)	(113)	117	(69)
Reconciliation of funds				
Total funds brought forward	(330)	648	17,094	17,412
Total funds carried forward	(403)	535	17,211	17,343

21 Related party transactions

Transactions between the Cathedral and its wholly owned subsidiary, Gloucester Cathedral Enterprises Limited (GCE) during the period were:

	2019 £000	2018 £000
Cathedral wages recharged to GCE	210	146
Gift aid received from GCE	92	-
Amounts due by GCE to Cathedral at the end of the year	77	54

THE CATHEDRAL CHURCH OF ST PETER AND THE HOLY AND INDIVISIBLE TRINITY, GLOUCESTER

THE LAST TEN YEARS

	2011 £000	2012 £000	2013 £000	2014 £000	2015 £000	2016 £000	2017 £000	31.03.18 £000	31.12.18 £000	2019 £000
Income & endowments from:										
Donations & legacies	791	744	709	1,392	1,623	1,061	738	957	710	1,390
Grants in support of mission	171	208	203	242	443	773	1,473	3,610	512	592
Charges and fees for mission	98	119	90	125	88	86	155	146	182	210
Trading and fundraising	562	496	491	529	566	495	543	521	519	645
Income from investments	634	600	640	630	739	688	769	914	686	911
Total	2,256	2,167	2,133	2,918	3,459	3,103	3,678	6,148	2,609	3,748
Expenditure on:										
Raising funds	674	696	627	741	894	773	803	789	636	832
Ministry	605	633	598	559	671	800	713	756	655	688
Cathedral & precincts upkeep	554	617	717	918	854	1,209	1,931	4,570	1,028	1,043
Education & outreach	85	80	69	73	71	71	79	69	55	83
Community & congregation	26	16	23	31	38	22	16	18	28	48
Other expenditure	298	309	379	324	390	420	423	527	407	631
Total	2,242	2,351	2,413	2,646	2,918	3,295	3,965	6,729	2,809	3,325
Net income/(expenditure) before										
Net gains/(losses) on investments	14	(184)	(280)	272	541	(192)	(287)	(581)	(200)	423
Net gains/(losses) on investments	2,331	30	437	638	874	668	916	341	69	875
Net (expenditure)/income	2,345	(154)	157	910	1,415	476	629	(240)	(131)	1,298
Other recognised gains/(losses)	(313)	(3)	13	185	144	639	126	105	62	60
Net movement in funds	2,032	(157)	170	1,095	1,559	1,115	755	(135)	(69)	1,358
Reconciliation of funds										
Total funds brought forward	10,978	13,010	12,853	13,023	14,118	15,677	16,792	17,547	17,412	17,343
Total funds carried forward	13,010	12,853	13,023	14,118	15,677	16,792	17,547	17,412	17,343	18,701
Funds										
Endowment funds	11,758	11,822	12,211	13,239	3,726	3,620	4,088	4,160	4,237	4,865
General funds	199	111	117	250	273	94	(3)	(330)	(403)	(44)
Restricted funds	1,053	920	695	629	1,172	1,149	889	648	535	621
Property revaluation reserve					10,506	11,929	12,573	12,934	12,974	13,259
Total funds carried forward	13,010	12,853	13,023	14,118	15,677	16,792	17,547	17,412	17,343	18,701
Note										
Funds carried forward excluding pension liability	13,039	12,885	13,061	14,147	15,722	16,818	17,597	17,451	17,396	18,769
Pension liability	(29)	(32)	(38)	(29)	(45)	(26)	(50)	(39)	(53)	(68)
Total funds carried forward	13,010	12,853	13,023	14,118	15,677	16,792	17,548	17,412	17,343	18,701