

BLACKBURN CATHEDRAL
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

BLACKBURN CATHEDRAL

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BLACKBURN CATHEDRAL

LEGAL AND ADMINISTRATIVE INFORMATION

Full Name:	The Cathedral Church of Saint Mary The Virgin Blackburn	
Address	Cathedral Office Cathedral Close Blackburn BB1 5AA	
The Chapter	Chair:	
	The Dean of Blackburn, The Very Reverend P Howell-Jones	(Appointed March 2017)
	The Acting Dean of Blackburn, The Bishop of Burnley, The Right Reverend P North	(Left March 2017)
	Residentiary Canons:	
	Canon A D Hindley	
	Canon I Stockton	(Retired October 2017)
	Canon A S Horsfall	
	Canon R Pailing	(Appointed May 2018)
	Bishop Philip North	
	Appointed by the College of Canons:	
	Canon A Sage	
	Bishop's Appointees:	
	Mrs M McClintock	
	Mr K Roberts	
	Representative of the Bishop's Council	
	Mr P Jelley	(Resigned March 2017)
	Ms K Thompson	
	Appointees of the Cathedral Community	
	Mrs J Duerden	(Resigned April 2017)
	Judge J Prowse	
	Mr P Mason	(Appointed April 2017)
Director of Music	Mr Samuel Hudson	
Honorary Cathedral Administrator	Mr Jonathan Cave	(Appointed January 2017 & resigned March 2017)
Executive Director	Mrs Sharon Grayston	(Appointed November 2017)
Bursar	Mrs Anita Pattinson	(Resigned December 2017)
Interim Finance Manager	Mr Adrian Philips	(Appointed January 2018)
Finance Committee	Mr P Jelley (Chair)	(Resigned March 2017)
	The Rt Reverend Philip North	(Appointed May 2016 & resigned March 2017)
	The Very Reverend P Howell-Jones	(Appointed March 2017)
	Canon A Hindley	
	Canon I Stockton	(Resigned October 2017)
	Mr D Kay	
	Canon M Chew	
	Mrs M Wood	
	Mr S Adams	
	Mr K Roberts	

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STRUCTURE, GOVERNANCE AND MANAGEMENT

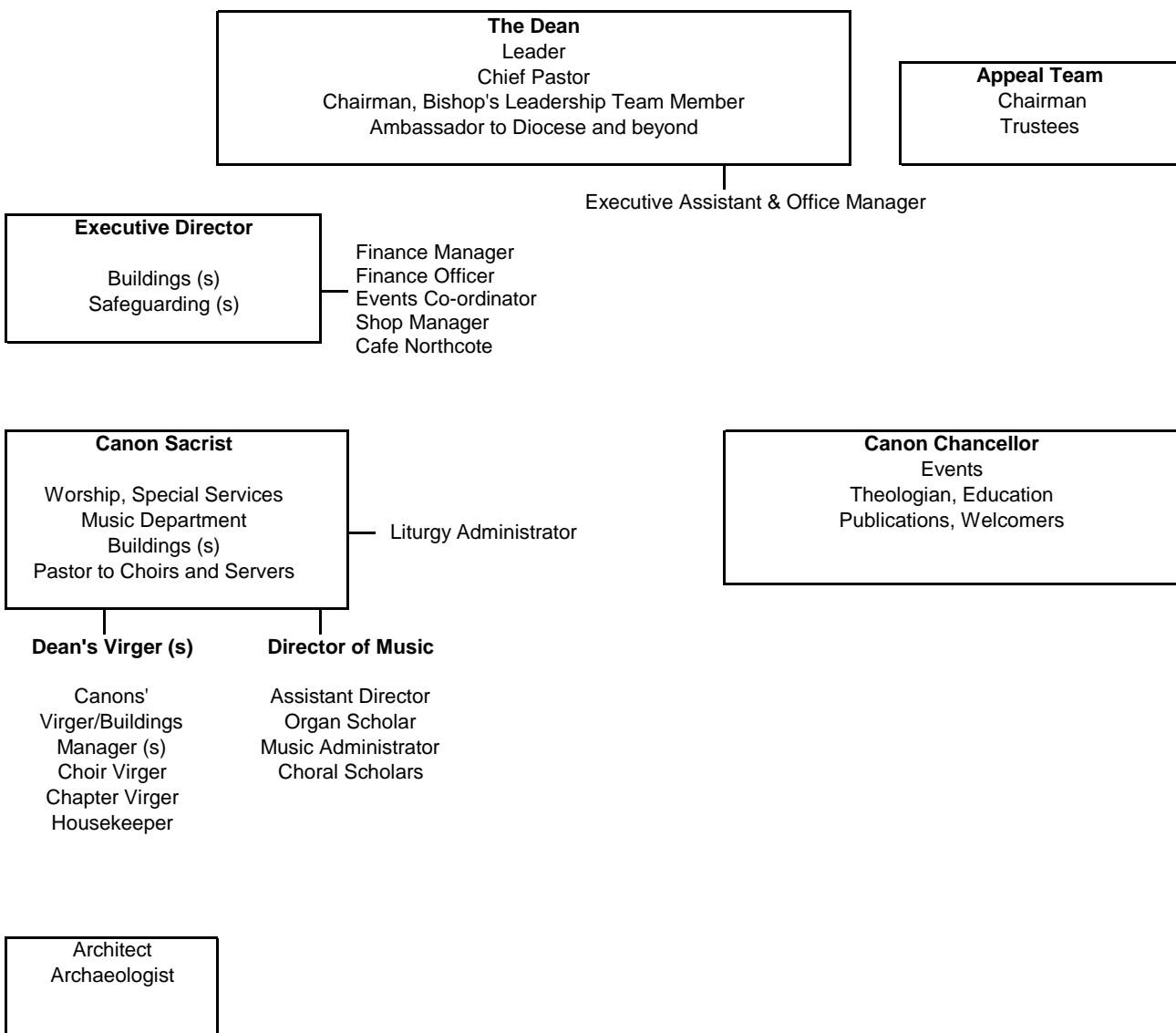
Governing Statute

The Constitution and Statutes of the Cathedral Church of St. Mary the Virgin, Blackburn, which came into effect on 2 February 2000.

The Cathedral's Role within the Diocese

The Cathedral is the Seat of the Bishop, supporting him in his mission and ministry in the Diocese and beyond, and offering welcome and hospitality at diocesan services and other events to all the parishes of the Diocese.

The Cathedral's Organisational Structure



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The Chapter

The management of the Cathedral is executed by the Cathedral Chapter. The Chapter is responsible for the oversight and administration of Cathedral affairs, specifically the ordering of worship and the promotion of the Cathedral's mission; the management, repair and maintenance of its properties; the preparation of an annual budget, an annual report and audited accounts; keeping under review the Constitution and Statutes of the Cathedral; and keeping the Cathedral Council informed of planned developments. The Bishop as Visitor is kept informed of developments by the Chapter.

Details of the members of the Chapter, the Honorary Administrator and the Minute Secretary that served during the year and subsequent to the year end are noted on page 1.

The Council

The Cathedral Council's function is to further and support the work of the Cathedral, to review and advise on the work of the Chapter, especially in terms of its direction and mission, the annual budget, the annual report and any other such matters which the Chapter wishes to submit to the Council.

The members of the Council, and the bodies they represent are:

Canon Professor Christopher Carr (Chair)

The Bishop of Blackburn

The Dean of Blackburn

Canon S Cox	<i>(College of Canons)</i>
Canon A Clitherow	<i>(College of Canons) - Resigned July 2017</i>
Mr D Estill	<i>(Churches Together in Lancashire)</i>
County Councillor Miles Parkinson	<i>(Lancashire County Council)</i>
Councillor Tony Humphrys	<i>(Blackburn with Darwen Borough Council)</i>
Mr R Prest	<i>(Fabric Advisory Committee)</i>
Mr D Peat OBE	<i>(Bishop's appointee)</i>
Mrs J Venn	<i>(Bishop's appointee)</i>
Mr A Reid MBE	<i>(Bishop's appointee)</i>
Mrs M McClintock	<i>(Cathedral Chapter)</i>
Judge J Prowse	<i>(Bishop's appointee)</i>
Canon A Hindley	<i>(Cathedral Chapter)</i>
Mr P Hunwick	<i>(Cathedral Lay Employee)</i>
Mrs B Robb	<i>(Cathedral Congregation)</i>
Mr E Haythornwhite	<i>(Cathedral Congregation)</i>
Mrs K Brooke	<i>(Honorary Minutes Secretary)</i>

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The College of Canons

The College of Canons consists of:-

- The Dean
- The Bishops Suffragan
- The Archdeacons
- The Residentiary Canons
- The Honorary Lay and Ecumenical Canons

Blackburn Cathedral Developments

This company has been established to handle the acquisition and development of property on behalf of the Chapter. Its members include the Dean and a Residentiary Canon. This company is included within the consolidated accounts for the Cathedral.

Blackburn Cathedral Trust (the Appeal)

This company was incorporated on 15 October 2009, is limited by guarantee and is a registered charity. The company has been established to administer and run the general appeal on behalf of the Cathedral. The company operates under a separate trust not controlled by the Chapter but is wholly for the benefit of the Cathedral, as such its financial activities are not consolidated with the Cathedral accounts but are summarised in note 24 to the accounts.

Relationship with other Organisations

The Cathedral works closely with:

- The Church Commissioners
- The Association of English Cathedrals
- The Bishop and Diocesan officials
- Blackburn with Darwen Borough Council
- Lancashire County Council
- The Homes and Community Authority
- Representatives of other Christian denominations and Faith groups.

Induction and Training of New Members of Chapter

New members meet with the Dean for a general briefing about the role of the Chapter and the key issues that it is currently, and in the future, to deal with. Training is offered by The Association of English Cathedrals (AEC).

Changes in Appointments

The following changes in appointments occurred during the year and subsequent to the year end:

- The Rt Revd Bishop Philip - Acting Dean of Blackburn from May 2016 - March 2017
- The Rt Revd Bishop Philip - Residentiary Canon from March 2017
- The Very Revd Peter Howell-Jones, Dean of Blackburn - Appointed March 2017
- The Rev'd Canon Dr. Rowena Pailing, Canon Missioner - Appointed May 2018
- Mrs Lynne Trudgill, Liturgy Secretary - retired September 2017
- Mr Chris Jones, Liturgy Administrator - appointed September 2017
- The Revd Canon Ian Stockton, Canon Chancellor - retired October 2017
- Mrs Sharon Grayston, Executive Director - appointed November 2017
- Ms Joanna Booth, Education Officer - retired December 2017
- Mrs Sian Howell-Jones - Education Officer - appointed November 2017
- Mrs Anita Pattinson, Bursar - resigned December 2017
- Mr Adrian Phillips, Finance Manager - interim appointment from December 2017

Investment Powers

Under the Cathedrals Measure 1999 the Chapter may invest the cathedral's funds in any of the following:

- Land.
- Funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Limited.
- Investments in which the trustees may invest under the general power of investment in the Trustee Act 2000.
- the improvement or development of property belonging to the cathedral, except that endowment Funds may not be used to improve or develop the cathedral itself and its ancillary buildings.

Risk Management

Risk Assessments are the responsibility of the Chapter and are built into its annual schedule of business. The Finance Committee will implement a risk register and policy in the coming year.

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Volunteers

The Friends and other members of the Welcoming Team from around the Diocese continually staff the Welcome Desk and the Shop. We are very grateful to them for their services, and for the many who serve as church wardens, servers, sidespersons, singers, flower arrangers, bell ringers, Sunday School helpers and those who visit the sick and housebound. The growing number of volunteers now covers a team of Cathedral guides with greater emphasis on the development of the shop and its volunteer staffing. Arrangements to cover all volunteers with a work agreement continue to be developed and training is offered by those experienced in the field of Cathedral welcoming and merchandise.

OUR VISION

The Vision and Plans strategy lists the Cathedrals objectives as:

As the seat of its Bishop, to be the inspirational focus of the Church of England in Lancashire.

To celebrate daily the Christian story through worship, prayer and praise.

To co-operate in the re-invigoration of our community and its environment.

To champion consistently excellence throughout Cathedral life.

To provide continuing assistance to the poorer and weaker members of society.

To be engaged on a regular basis in the wider communal issues through dialogue

All this we express in a strap-line:

Blackburn Cathedral: Good News for Lancashire

The Cathedral is committed to the Diocesan 2026 Vision of making disciples, being witnesses and growing leaders, and endorsed its response through a paper agreed by Chapter. We work at both being a healthy congregation and at being a resource for other churches.

In 2017 the Cathedral held Bible Studies and Spirituality Days as a way of developing discipleship, continued with its annual Stewardship Review and helped adults enquiring about Christian faith. The Cathedral Volunteer programme is a seed-bed for developing leaders, with many people taking on new roles.

The work with children and young people remains a high priority within the Cathedral's mission through its choirs, the music outreach programme, curriculum-related school visits, a growing Sunday School and preparation for Confirmation and Holy Communion.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Cathedral has continued to develop its mission and its commitment to its congregations and the Diocese. We are working with the Bishop and his team for the realisation of the Diocesan Vision 2026.

The Very Revd Peter Howell-Jones was installed as Dean of Blackburn in March 2017 and we were delighted to welcome him. He and his wife Sian joined the Cathedral Court community as the first residents of the Dean's town house.

In September Canon Andrew Horsfall, already a Residentiary Canon of the Cathedral, was appointed to the new part-time post of Canon Pastor. He is developing a team of Cathedral people to assist him in this far-reaching role.

In October we bade farewell to Canon Ian Stockton, Canon Chancellor, and his wife Janet on their retirement from Blackburn to Lincoln. They were warmly thanked by Cathedral groups and individuals for their many services to the Cathedral, and especially to its missions of education and hospitality. We look forward to the arrival of Canon Stockton's successor, the Revd Dr Rowena Pailing, from her post as Director of Pastoral Studies at the College of the Resurrection, Mirfield, as Canon Missioner, and are grateful to Mrs Sian Howell-Jones for taking on the post of part-time Education Officer during the interregnum.

On the Chapter, Mrs Jean Duerden, a long-standing appointee of the Cathedral Community, resigned in April 2017. We are glad that she continues her close links with the Cathedral, including as chairman of the Renaissance Singers. She was replaced on the Chapter by Mr Paul Mason.

During the year the Church Commissioners agreed some financial support over three years for the vacant post of Administrator. The job description approved by the Chapter was advertised under the title of Executive Director as more accurately reflecting the wide span of duties of the post. The Chapter was very pleased to welcome Mrs Sharon Grayston on her appointment to the post in November 2017.

The Bursar, Mrs Anita Pattinson, resigned her post in early December 2017. While the Chapter reviews the future of the post and of the Finance Department, we have been grateful for the contributions and guidance from Mr Adrian Phillips as acting Finance Manager.

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During his first weeks in office, the Dean initiated a review of the Cathedral's Constitution and Statutes, which had remained essentially unchanged since their introduction under the 1999 Cathedrals Measure. A working party was set up, including the Dean, the chairman of Council, a Residentiary Canon, and two lay members of the Chapter who are both members of the Council. This group met five times between April and July, and by September proposals were ready to discuss at a joint meeting of the Chapter and the Council and with the Bishop. Informal soundings were made with Church House in London about the proposed changes, many of them technical but also including the formation of a Community Council, clearer definition of certain roles including of the Dean and Bishop, and a strengthening of the Finance Committee. The changes were finally signed off by the Council in November 2017 and we anticipate formal approval and the implementation of them by Pentecost 2018. Our Cathedral discussion took place while the governance of the Church of England was itself under review, and we are glad to note that the changes we have put forward prefigure some of those in the review report published in early 2018.

The Safeguarding Management Group had a busy year under the chairmanship of Canon Stockton, supported by Judge James Prowse. Work on the safeguarding policy is complete, pending further changes expected in 2018, and significant training has taken place. The group continues to receive valuable support through the Diocesan Safeguarding Adviser, Ms Sharon Russell. Mrs Sharon Grayston has come onto the group and the Dean is a member and attends regularly.

The Cathedral community has continued to explore how the Cathedral Court development can best work to its long-term benefit, and the Library (Caedmon Room) was fully furnished during the year. We were pleased when Blackburn's achievement was noted as "a prime example of a cathedral that has gone above and beyond in encouraging local growth" (Cathedrals and Their Communities, Department for Communities and Local Government, September 2017), and look forward to a time when church and secular groups across the Diocese turn to the Cathedral as the natural venue for special and learning occasions. There was disappointment when a significant problem was identified in late autumn with the external masonry, revealing that the roof membrane junction with the render to the parapet wall had not been properly installed. Investigations and plans for remedial action were in place by the end of the year. More disappointingly still, the ongoing disputes with the main contractor and with Civic Engineering, documented in the report for the year ending 31 December 2016, had still not been resolved by the end of the 2017 financial year. The Chapter has spent much time and effort, working with Blackburn Cathedral Developments and other relevant parties, to bring these matters to a final resolution.

Repair work on the Cathedral fabric was made possible from the World War I Memorial Fund. We are re-examining the remodelling of Church House, with the intention that whatever its future use, the building should benefit the local community and generate regular income for the Cathedral. We have been pleased to embark on the development phase of a project entitled Revealing the Hidden Heritage, with seedcorn funding from the Heritage Lottery Fund. This work is continuing actively during 2018.

The Friends of Blackburn Cathedral celebrated its 50th anniversary during 2017, giving an opportunity to pause and reflect on the many contributions the Friends have made to the Cathedral fabric and in the support of the Cathedral's life of worship and service since their foundation. There was a special dinner to mark the anniversary that featured a talk by Penny Warden on her paintings in the Cathedral, entitled The Journey. The lunchtime talks continued to be held, and in June a group of the Friends visited Southwark Cathedral and the nearby Globe Theatre. To their shock, they became caught up with the weekend's tragic events at London Bridge and at Borough Market, and have been glad to continue their contact with the Friends of Southwark Cathedral in succeeding months.

The Cathedral's Music Department continued to enjoy its duties and opportunities at the Cathedral and more widely. In July 2017 the boys, girls and men embarked upon a tour to Normandy and took part in a festival, Les musicales de Cormeilles, and there were visits in both directions to and from Braunschweig Cathedral during the year. The Renaissance Singers memorably tackled Tallis' Spem in alium and collaborated with English Touring Opera on Bach's Mass in B Minor. Music outreach continued to be of high importance and the Sing Together project reached over ninety schools during 2017, with a higher target already set for 2018. We continue to be grateful for the outstanding contribution that music makes to the Cathedral congregations and to the realisation of its mission.

FINANCIAL REVIEW

The results for the year are shown in the Consolidated Statement of Financial Activities on page 14. During the year there were net unrestricted incoming resources of £197,675 (2016: net outgoing £6,634). Legacies received in the year have resulted in a healthy surplus position, the underlying day to day operations however continue to operate in deficit. A new budgeting and internal management reporting system has been introduced in early 2018 and with greater focus on improving the financial position of the Cathedral, the deficit is expected to reduce in 2018. The Chapter, however, acknowledges that there are still significant steps to take to address these recurring deficits in the short term.

The restricted funds showed net incoming resources of £27,709 (2016: £488,203). Donations and grants in relation to the Clergy Court development were previously shown in restricted funds, the property was transferred to endowment funds in 2016 and donations received in 2017 are shown in this fund.

Endowment funds show net incoming resources of £108,816 (2016: £48,299) income in the year consisted of donations towards the completion of the Clergy Court development.

Gains recognised on the revaluation of investments across all funds amounted to £14,874 (2016: £16,361).

Going Concern

The cash outflow from operating activities was £7,037 (2016: inflow £92,124), primarily as a result of additional costs not expected to reoccur. Cash reserves at the year end are £331,335 (2016: £517,297) all of which is assigned to fixed asset programs, major refurbishment programs or is ring fenced as relating to restricted funds. The unrestricted - general funds balance sheet comprises of £231,517 of investments held by the investment manager and a deficit on working capital of £44,700, the chapter are aware of this cashflow issue and the finance committee are working with the Finance Manager to continue improving the cashflow management.

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Five Year Summary of Key Figures

	2013	2014	2015	2016	2017
	£	£	£	£	£
Incoming resources:					
Unrestricted	366,492	370,082	352,212	342,804	617,615
Total	1,346,685	3,495,437	4,429,163	1,653,802	1,422,689
Net movement in funds including investment gains and losses before transfers:					
Unrestricted	14,558	(39,465)	(88,605)	568	204,213
Total	85,969	2,151,275	3,138,488	(3,930,109)	370,108
Funds carried forward					
Unrestricted - General funds	270,403	241,389	156,576	209,766	467,905
Total	1,954,433	4,105,708	7,244,196	3,314,087	3,684,195

Reserves Policy

The reserves policy is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

Determining the level of free reserves and designated reserves the Cathedral needs to hold is an important part of Chapter's financial management and forward financial planning. Reserves levels that are too high may tie up money unnecessarily and limit the amount spent on charitable activities, reducing the potential benefit the Cathedral can provide. Reserves levels that are too low not only could impact the Cathedral's long-term solvency, but also the Cathedral could face difficulty in meeting its day-to-day expenditure commitments. Chapter's aim is to build all its funds, including its reserves held in unrestricted funds, to levels sufficient to address the Cathedral's long-term sustainability and perpetual need to maintain and preserve the Cathedral's heritage and fabric.

This aim is set in the context of the Cathedral's stated vision and priorities. This means establishing sufficient funds to develop and grow the Cathedral of the future, alongside retaining sufficient readily accessible reserves to meet the financial liabilities inherent in running and maintaining an ancient Cathedral, as well as other Cathedral properties. The Cathedral's reserves not only need to cover short-term financial volatility and ongoing financial liabilities, but also act as a funding source for specific projects or development activity that is considered likely to generate long-term strategic and financial benefit. The nature of the Cathedral's long-term financial commitments and its related income profile means it invests part of both its unrestricted and restricted funds to generate a financial return, in essence holding income as quasi-capital. Chapter is confident this is in the Cathedral's best interests.

Chapter have considered an appropriate level of unrestricted reserves required in the short term as at the 31 December 2017 to be at least £450,000. This is based on an estimate of on-going unrestricted expenditure for a minimum one year period. The current value of the unrestricted general funds as at 31 December 2017 is £467,905, with an additional £407,445 in designated funds relating to the Cathedral Court fixtures and fittings.

Investment Policy

The Chapter's investment policy is for funds held for long term investment to be invested in St. James' Place investment fund.

Any investment funds held by the Chapter that may be required in the foreseeable future are held in UK Bank deposit funds with immediate access to the capital.

Total Return on Investment Property

Rents receivable	£
	<u>30,893</u>

No major expenditure has been incurred during the period in respect of the existing investment property. During the prior year the Chapter completed the development of the Cathedral Court which included the refectory which has been leased on a 10 year term.

During 2017 Chapter have taken the decision to explore the use of redeveloping Church House for the benefit of the local community and are exploring the options available to them. The property has now been classified as an investment property in the financial statements.

Total Return on Investments

	Equities	Variable Interest	Total
	£	£	£
Gross income from investments			
St. James Place Investment Fund	20,528	-	20,528
UK Bank Cash Deposits	-	45	45
	<u>20,528</u>	<u>45</u>	<u>20,573</u>
Gain on investment revaluation	14,874	-	14,874
	<u>35,402</u>	<u>45</u>	<u>35,447</u>

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Investment Performance (Capital Growth)

St James Place Funds and Equities	2.93%
St James Place Funds and Equities (Excluding Endowment funds)	2.99%

For comparison purposes:

CCLA - CBF Church of England Investment Fund - Income	13.10%
FTSE 100	12.00%
FTSE All Share	13.10%

The FTSE indices are unrestricted in relation to income requirements, risk and socially responsible investment.

Forecast of Cost of Maintaining and Conserving the Cathedral and its Precincts

The Quinquennial Report was undertaken by James Sanderson, the Cathedral Architect in 2014. The Transept Roofs and leadwork were highlighted as priority one items in the Report. The WW1 grant application was tailored to address as many of these issues as possible. The grant has enabled all the priority one works on the transepts to be undertaken. In addition continued problems with the Lantern Tower Roof was also identified as a major issue. Canon Hindley made an additional application to take up underspend in the fund and a further grant was made to enable the Lantern Tower to be re-roofed. This work has put the exterior of the Cathedral into good order. Further work was performed on the West Tower using an additional grant from The World War One Memorial Fund.

Public Benefit

The Chapter confirms that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance and have referred to the Charity Commission's general guidance on public benefit when reviewing aims and objectives and in planning future activities.

PLANS FOR FUTURE PERIODS

Within the next 12 months the Chapter plans are as follows:

- Give attention to marketing the Cathedral Conference Facilities, and in partnership with Northcote we expect to use the building for more events.
- Progress with stage 2 of the crypt redevelopment with ongoing support from Heritage Lottery Fund.
- Working in partnership with Blackburn Cathedral Trust we will be raising significant funds to enable us to reconfigure the crypt creating a conferencing facility that will bring in revenue for the cathedral giving us a sustainable and secure future. Further re-working of the lower ground floor spaces will create additional meeting rooms, offices and a secure display area to share our precious artefacts and host travelling exhibitions. Cosmetic attention will be given to the much-loved Jesus Chapel, including step-free access, and space will be created to accommodate our growing Education Programme. In addition to this we will also be raising funds to enable us to maintain and expand our highly successful community programmes including the music outreach programme and community cohesion work. We will continue to deliver a first class music offering which includes concerts, events, excellent musical Education for both the children and young people in our choirs and our choral and organ scholars.
- Decide upon the future use of Church House.
- Relocate the shop.

On behalf of the Chapter

The Very Reverend P Howell-Jones
Dean

Date: 16 May 2018

BLACKBURN CATHEDRAL

REPORT OF THE FABRIC ADVISORY COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2017

The Fabric Advisory Committee met on three occasions during 2017 – January, June and September.

The Committee was pleased to note that the Architect and Canon Sacrist were continuing to grasp the opportunities of World War I Heritage Fund Grants to carry out further fabric repair work to the Cathedral despite the distraction of ongoing snagging work and some defect issues arising from the completion of Clergy Court.

During 2017 funding was successfully obtained and work undertaken on high level repointing works in correct lime based mortar to the north and south transepts.

The completion of the Lantern Tower re-roofing – replacing the stainless steel cladding with lead was completed satisfactorily. An important project involving the renovation of the West Tower to alleviate serious water penetration problems and internal condensation due to previous inappropriate stone and decorative treatments involving extensive scaffolding was concluded. This involved correct materials repointing, the replacement of elements of stonework badly eroded by trapped water penetration and the replacement of the upper copper roof cladding with lead – a far more traditional and durable material as well as replacement internal downspout should ensure that the fabric of the West Tower continues to perform for many decades.

The opportunity was also taken of repainting the belfry and regilding the clock.

The Committee was disturbed to hear that material defects have been discovered in some of the parapet copings of elements of Clergy Court including the housing and Cloister link/associated structures. However, the main contractors appear to be taking positive steps to redress under their defects liability and it is hoped that during 2018 a full check and implementation of remedial damp proof coursing will be achieved without further cost being incurred by the Chapter.

The issue of Church House and its future redevelopment was considered at some length particularly in terms of an initial scheme of partial residential conversion and partial extension involving Blackburn with Darwen Borough Council's land ownership to the west extending towards Darwen Street.

A scheme for the conversion of Church House to 12 apartments and 12 new-build apartments was generally supported and a range of views expressed on appropriate facing materials – a contrast between the existing stonework of Church House and an extension built of facing brick was not considered inappropriate, however, the use of quality render as has been used within the Clergy Court development was also thought to be appropriate.

However, detailed proposals have not progressed and a possible commercial development which would reduce the exposure of the Cathedral to financial risk is also being contemplated thus the FAC are content that this matter is on hold for the immediate future.

FAC were keen to understand how the life of the Cathedral had adapted and in particular how Clergy housing adjacent to the Cathedral was working out for those directly involved.

We learnt that the Garth Garden requires intense watering during periods of dry weather though thankfully Lancashire's climate reduces the incidence of such periods to a minimum.

Some noise and unsociable behaviour was experienced in Dandy Walk, however, the Clergy were working with Blackburn with Darwen Borough Council Town Centre Management team to improve.

The Dean informed FAC that the Cathedral was developing a 5 year plan which would be presented in due course for discussion and will cover a range of issues.

It was noted that there are repairs required to the east wall of the Jesus Chapel and some pointing works are also required around the south transept.

The Dean was keen to involve FAC in the emerging Crypt Heritage Lottery Fund Bid which he hoped would be presented later in the year.

At its 3 meetings, FAC considered longstanding Agenda items – amongst these was the previously debated need to refurbish the Cathedral's lighting system.

It was, however, noted that for the time being funds were not available particularly given the lack of resolution of final accounting and the insurance claim for Clergy Court's structural issues.

The membership of the FAC remains largely unaltered and the need to recruit individuals with specific skill sets remains a concern.

FAC looks forward to working with the Cathedral team to develop hopefully a successful Lottery Heritage Fund for the Crypt refurbishment which remains a relatively under used resource.

On behalf of the Fabric Advisory Committee

Mr R Prest
Committee Chairman
16 May 2018

BLACKBURN CATHEDRAL

STATEMENT OF THE RESPONSIBILITIES OF THE CHAPTER FOR THE YEAR ENDED 31 DECEMBER 2017

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

- (a) 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.
- (b) Stating that they have complied in all material respects with the regulations on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for the non compliance;
- (c) Selecting suitable accounting policies and then applying them consistently;
- (d) Making judgements and estimates that are reasonable and prudent;
- (e) Keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time;
- (f) Safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLACKBURN CATHEDRAL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPTER OF BLACKBURN CATHEDRAL

Opinion

We have audited the financial statements of Blackburn Cathedral for the year ended 31 December 2017 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the Chapter balance sheet, the consolidated statement of cashflows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

We have been appointed under the Cathedrals Measure 1999.

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the guidelines specified by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

Basis for Opinion

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

Material uncertainty related to going concern

We draw attention to note 1.1 in the financial statements, concerning the Cathedral's ability to continue as a going concern due to the financial uncertainty brought about by ongoing issues with the Cathedral Court Development. As stated in note 1.1, these events or conditions, along with the other matters as set forth in note 25, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Opinions on Other Matters Prescribed by the Cathedral's Measure 1999

In our opinion the information given in the other information for the financial year for which the financial statements are prepared is consistent with the financial statements.

The annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Cathedrals Measure 1999 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the other information;
- the Chapter has not kept adequate accounting records; 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.

BLACKBURN CATHEDRAL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHAPTER OF BLACKBURN CATHEDRAL

Responsibilities of the Chapter

As explained more fully in the Statement of the Responsibilities of the Chapter set out on page 11, the Chapter are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view and for such internal control as the chapter determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chapter are responsible for assessing the cathedrals 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 members either intend to liquidate the cathedral or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Beever and Struthers
Chartered Accountants & statutory auditors
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

16 May 2018

BLACKBURN CATHEDRAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2017 £	Total Funds 2016 as restated £
Income and endowments from:	2					
(i) Donations and legacies		446,025	109,843	130,252	686,120	632,941
(ii) Grants in support of mission		30,564	524,470	-	555,034	803,144
(iii) Charges and fees arising in the course of mission		49,628	2,083	-	51,711	42,190
(iv) Trading and fundraising		41,556	32,802	-	74,358	66,395
(v) Investments		49,842	5,608	16	55,466	47,863
(vi) Other income		-	-	-	-	61,269
Total income		617,615	674,806	130,268	1,422,689	1,653,802
Expenditure on:	3					
(i) Raising funds		21,868	18,433	-	40,301	129,269
(ii) Ministry		115,247	256,329	-	371,576	341,126
(iii) Cathedral and precincts upkeep		242,565	277,715	-	520,280	502,290
(iv) Education and outreach		15,537	32,194	-	47,731	18,199
(v) Community, parish and congregation		16,654	61,362	-	78,016	75,953
(vi) Other expenditure		8,069	1,064	21,452	30,585	57,097
Total expenditure		419,940	647,097	21,452	1,088,489	1,123,934
Net incoming resources before investment gains		197,675	27,709	108,816	334,200	529,868
Gains/(losses) on investments and property revaluations	10/11 /13	6,538	5,125	24,245	35,908	(4,459,977)
Net income / (expenditure)		204,213	32,834	133,061	370,108	(3,930,109)
Gross transfers between funds	21,22	17,556	1,561	(19,117)	-	-
Net movement in funds		221,769	34,395	113,944	370,108	(3,930,109)
Reconciliation of funds:						
Total funds brought forward		653,581	290,652	2,369,854	3,314,087	7,244,196
Total funds carried forward		875,350	325,047	2,483,798	3,684,195	3,314,087

Total incoming resources for the Chapter are £1,422,689 (2016: £1,653,802) and the net movement in funds is an increase of £369,108 (2016: decrease of £3,901,109).

BLACKBURN CATHEDRAL

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2017 £	Total Funds 2016 as restated £
Fixed assets						
Investment assets						
Property	10	-	-	865,000	865,000	430,000
Investments	11	231,517	170,149	127,790	529,456	908,858
		<u>231,517</u>	<u>170,149</u>	<u>992,790</u>	<u>1,394,456</u>	<u>1,338,858</u>
Tangible fixed assets						
Property	13	-	-	2,669,000	2,669,000	3,104,000
Equipment and plant	15	417,706	-	-	417,706	443,815
		<u>417,706</u>	<u>-</u>	<u>2,669,000</u>	<u>3,086,706</u>	<u>3,547,815</u>
Total fixed assets		649,223	170,149	3,661,790	4,481,162	4,886,673
Current assets						
Stocks	16	18,313	-	-	18,313	19,385
Debtors	17	283,992	68,637	42,833	395,462	136,377
Cash at bank and in hand		(13,639)	423,848	(78,874)	331,335	123,021
		<u>288,666</u>	<u>492,485</u>	<u>(36,041)</u>	<u>745,110</u>	<u>278,783</u>
Liabilities due within one year						
Creditors	18	(62,539)	(337,587)	(473,951)	(874,077)	(957,371)
Net current assets / (liabilities)		226,127	154,898	(509,992)	(128,967)	(678,588)
Total assets less current liabilities		875,350	325,047	3,151,798	4,352,195	4,208,085
Liabilities due after more than one year						
Loans from third parties	19	-	-	(668,000)	(668,000)	(893,998)
Total net assets		875,350	325,047	2,483,798	3,684,195	3,314,087
Funds						
Endowment funds	20	-	-	2,483,798	2,483,798	2,369,854
Restricted funds	21	-	325,047	-	325,047	290,652
Unrestricted funds	22					
General funds		467,905	-	-	467,905	209,766
Designated funds		407,445	-	-	407,445	443,815
Total Cathedral funds		875,350	325,047	2,483,798	3,684,195	3,314,087
<i>Revaluation reserve included above</i>		-	-	374,273	374,273	371,062

The financial statements were approved by the Chapter and authorised for issue on 16 May 2018.

The Very Reverend P Howell-Jones
Dean

Mr K Roberts

BLACKBURN CATHEDRAL

CHAPTER BALANCE SHEET AS AT 31 DECEMBER 2017

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2017 £	Total Funds 2016 as restated £
Fixed assets						
Investment assets						
Property	10	-	-	865,000	865,000	430,000
Investments	11	231,517	170,149	127,790	529,456	908,858
		<u>231,517</u>	<u>170,149</u>	<u>992,790</u>	<u>1,394,456</u>	<u>1,338,858</u>
Tangible fixed assets						
Property	13	-	-	2,669,000	2,669,000	3,104,000
Equipment and plant	15	417,706	-	-	417,706	443,815
		<u>417,706</u>	<u>-</u>	<u>2,669,000</u>	<u>3,086,706</u>	<u>3,547,815</u>
Total fixed assets		649,223	170,149	3,661,790	4,481,162	4,886,673
Current assets						
Stocks	16	18,313	-	-	18,313	19,385
Debtors	17	283,992	68,038	42,833	394,863	135,778
Cash at bank and in hand		(13,639)	161,519	161,351	309,231	111,621
		<u>288,666</u>	<u>229,557</u>	<u>204,184</u>	<u>722,407</u>	<u>266,784</u>
Liabilities due within one year						
Creditors	18	(62,539)	(74,659)	(686,176)	(823,374)	(916,372)
Net current assets / (liabilities)		226,127	154,898	(481,992)	(100,967)	(649,588)
Total assets less current liabilities		875,350	325,047	3,179,798	4,380,195	4,237,085
Liabilities due after more than one year						
Loans from third parties	19	-	-	(668,000)	(668,000)	(893,998)
Total net assets		875,350	325,047	2,511,798	3,712,195	3,343,087
Funds						
Endowment funds	20	-	-	2,511,798	2,511,798	2,398,854
Restricted funds	21	-	325,047	-	325,047	290,652
Unrestricted funds	22					
General funds		467,905	-	-	467,905	209,766
Designated funds		407,445	-	-	407,445	443,815
Total Cathedral funds		875,350	325,047	2,511,798	3,712,195	3,343,087
<i>Revaluation reserve included above</i>		-	-	374,273	374,273	371,062

The financial statements were approved by the Chapter and authorised for issue on 16 May 2018.

The Very Reverend P Howell-Jones
Dean

Mr K Roberts

BLACKBURN CATHEDRAL

CONSOLIDATED STATEMENT OF CASHFLOWS AS AT 31 DECEMBER 2017

	2017		2016	
	£	£	£	£
Reconciliation from net income to net cashflow from operating activities:				
Net incoming resources before investment gains for the year		334,200		529,868
Adjustments for:				
Income from property		(30,893)		(21,824)
Investment income		(20,573)		(21,913)
Interest and similar charges		22,992		31,162
Depreciation		54,851		40,810
Donations received for purchase of fixed assets		(136,675)		(306,838)
Government grants received for purchase of fixed assets		-		(250,000)
Profit on disposal of fixed assets		-		(58,784)
Decrease/ (increase) in stock		1,072		(12,041)
(Increase)/ decrease in debtors		(281,612)		82,376
Decrease in creditors		49,601		79,308
Net cash (outflow)/ inflow from operating activities		(7,037)		92,124
Net cash (outflow)/ inflow from operating activities		(7,037)		92,124
Cashflows from investing activities				
Purchase of fixed assets	(243,927)		(1,381,690)	
Proceeds from sale of fixed assets	-		414,085	
Rents received	30,893		21,824	
Investment income received	20,557		21,169	
Interest received	16		744	
Donations received for purchase of fixed assets	136,675		306,838	
Government grants received for purchase of fixed assets	-		250,000	
Net cash used in investing activities		(55,786)		(367,030)
Cashflows from financing activities				
Cash inflows from new borrowings	250,000		300,000	
Repayment of borrowings	(353,191)		(275,459)	
Interest paid	(19,948)		(28,816)	
Net cash used in financing activities		(123,139)		(4,275)
Change in cash and cash equivalents in the year		(185,962)		(279,181)
Cash and cash equivalents at the beginning of the year		517,297		796,478
Cash and cash equivalents at the end of the year		331,335		517,297
Analysis of cash and cash equivalents				
Cash held as investments		-		394,276
Cash in hand		331,335		123,021
Total cash and cash equivalents		331,335		517,297

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.1 Basis of preparation of the consolidated financial statements

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

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of property and investments. The consolidated financial statements incorporate all assets and liabilities and income and expenditure of Blackburn Cathedral Developments, as per that company's unaudited financial statements.

The Chapter members have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Cathedral to continue as a going concern. Note 25 to the Financial Statements details the current position regarding the Cathedral Court Development and the ongoing issues. The uncertainty over the final quantum of these issues and the timing of their resolution gives the Chapter concerns over their ability to meet these significant liabilities as they fall due. The Chapter has prepared detailed cashflow forecasts and budgets which indicate that, although the balance sheet reflects a position of net current liabilities, the underlying Cathedral operations are cash generative after making allowance for debt repayments for a period of 12 months from the approval of the financial statements. The Chapter is optimistic that they will be able to manage their cash and other liquid resources in order to meet liabilities as they fall due for the foreseeable future. The Cathedral therefore continues to adopt the going concern basis in preparing its financial statements.

The prior year financial statements have been restated to reflect an error in the impairment calculation of the Cathedral Court Development. The impact of the restatement was to reduce the net assets of the endowment fund in the both the consolidated and chapter balance sheets by £255,000. The net expenditure for the year also increased by £255,000.

1.2 Funds

Funds are split between endowment, restricted and unrestricted funds. Movements on these funds are summarised in Notes 20, 21 and 22.

Endowment funds are those where there is no power to convert the capital to income and are reflected as permanent endowment.

Restricted funds are funds subject to specific conditions imposed by the donor or by specific terms of a trust deed or other legal measure.

1.3 Property and investments

Investment property and investments are included in the financial statements at market value. Realised and unrealised gains and losses are reported in the Consolidated Statement of Financial Activities.

1.4 Non investment property and Equipment and plant

Property for Cathedral use is included at latest valuation and, after considering the residual value, is depreciated at 2% straight line over its expected useful life. The Cathedral Court is not depreciated as the residual value in 50 years is expected to be at least that of its current market value as the Chapter will be running a strict capital maintenance program on the property.

Property in the course of construction was included at cost and no depreciation has been charged. The cost has been transferred to the appropriate asset categories upon the completion of the project.

Equipment and plant are included at cost and are depreciated at 10% or 20% straight line over their expected useful lives. The Chapter has adopted a capitalisation limit of £1,000 per separately identifiable asset.

1.5 Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for slow moving items.

1.6 Incoming resources

Donations, legacies and grants are included in the financial statements on a receivable basis when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably. A debtor is included for Gift Aid reclaimable.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (cont'd)

1.7 Grants receivable

Grants receivable which are subject to conditions or restrictions are credited to the restricted fund in the Consolidated Statement of Financial Activities, depending on the category of expenditure incurred to which they relate, as soon as they are received or become receivable. The related expenditure incurred is charged to the restricted fund in the Consolidated Statement of Financial Activities as appropriate.

If a grant has been received or is receivable and either the related expenditure has not been incurred or the conditions of the grant have not been satisfied, then the grant is carried forward in restricted funds in the balance sheet. If expenditure has been incurred prior to the receipt of the related grant, but with other conditions satisfied, then the grant receivable is credited to the Consolidated Statement of Financial Activities and carried forward as a debtor in the balance sheet.

1.8 Costs of raising funds

Costs of raising funds comprises costs of attracting voluntary income and costs of trading for fundraising purpose.

1.9 Expenditure on mission

Expenditure on mission comprises costs of the Cathedral's ministry, upkeep of the Cathedral fabric and precincts, education and outreach, and community, parish and congregation costs.

1.10 Support costs

Support costs are allocated to expense categories on the basis of the direct costs incurred in that expense category.

1.11 Repairs

Repairs, restoration and maintenance are written off as incurred within Cathedral and precincts upkeep.

1.12 Pensions

The Chapter contributes to a pension scheme for the clergy staff administered by the Church of England Pension Scheme. This scheme operates as an occupational pension scheme and contributions, at a rate determined having regard to actuarial advice, are paid into a separate fund in the trusteeship of the Church of England Pensions Board. Benefits arising from pensionable service are provided from that fund. The contributions to the fund by the Cathedral are charged to the Consolidated Statement of Financial Activities as incurred, as the scheme is a multi-employer scheme and it is not possible to identify the assets and liabilities relating to the Cathedral. These contributions are funded by a grant from The Church of England Church Commissioners.

The Chapter also contributes to personal pension schemes for selected employees, these costs are charged to the Consolidated Statement of Financial Activities as incurred.

From 1 January 2016 the Chapter operated an auto-enrolment pension scheme, in addition to those previously mentioned, for all eligible employees. The costs of this scheme are charged to the Consolidated Statement of Financial Activities as incurred.

1.13 Third party and non-cash receipts and payments

Where amounts are payable on behalf of the Cathedral by third parties, for example the Church Commissioners, these are disclosed under both income and expenditure in the consolidated statement of financial activities.

1.14 Taxation

The Cathedral Chapter is a statutory exempt charity under the Charities Act 2011 and, as such, is entitled to claim exemption from the charge to tax on income and capital gains as stated in section 256 TCGA 1992. Accordingly, with the exception of Value Added Tax and Employer's National Insurance, no liability to taxation arises.

Income is shown net of value added tax. Input value added tax is reclaimable on a percentage basis subject to partial exemption rules. All irrecoverable value added tax is included under the appropriate classification of expenditure, irrecoverable VAT on fixed asset purchases is capitalised within the cost of the asset.

1.15 Donated assets and services

As stated in the Annual Report, the Cathedral very much appreciates the donation of time and services by Friends and other volunteers. It has not proved possible, however, to provide a monetary valuation on these services nor to incorporate the same into these accounts.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (cont'd)

1.16 Heritage Assets

The Cathedral holds a number of heritage assets with historic and artistic value. The nature and scale of the collection and inventory belonging to the Chapter of Blackburn include:

- The Medieval Pax
- Blackburn Cathedral Archives
- Blackburn Cathedral wall monuments
- Blackburn Cathedral 20th Century Art works
- Mark Jalland's 'The Healing of the Nations'
- The Whalley Seats and Misericords
- Other artefacts, including the Saxon Hammer and ancient manuscripts

The Cathedral's policy for the acquisition, preservation, management and disposal of heritage assets is described in S24(1) of the Care of Cathedrals Measure 2011.

Note 12 of these financial statements gives further details regarding the age and history of the Cathedral, together with the insured value of the Cathedral buildings and its content.

The Cathedral Inventory comprises of purchased and donated items over several centuries and these are retained by the Cathedral for religious, architectural, archaeological, artistic and historic interest.

Valuation of the Cathedral inventory is not deemed necessary for the day to day operation of the Cathedral. The quantity of items and the diverse nature of the collection would make valuation prohibitively expensive compared with the additional benefits derived by the Cathedral and users of the accounts. As a result, no value is reported for these assets in the Balance Sheet.

Expenditure which, is required to preserve or prevent further deterioration of individual items, is recognised in the Statement of Financial Activities when it is incurred.

1.17 Bank Deposit Accounts

All instant access bank deposit accounts and current accounts are recognised within cash and bank in the financial statements.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2	Income and endowments	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
	Note	£	£	£	£	£	£	£	£
	(i) Donations and legacies								
	Congregational collections and giving	129,819	-	-	129,819	134,900	-	-	134,900
	Donations and fundraising appeals	20,425	17,104	129,800	167,329	15,938	300,895	-	316,833
	Tax recoverable under Gift Aid	23,334	-	452	23,786	31,437	-	-	31,437
	Income from Blackburn Cathedral Trust	24	-	50,898	50,898	-	103,202	-	103,202
	Music Outreach Project takings and contributions	-	41,841	-	41,841	-	42,820	-	42,820
	Legacies	272,447	-	-	272,447	3,749	-	-	3,749
		<u>446,025</u>	<u>109,843</u>	<u>130,252</u>	<u>686,120</u>	<u>186,024</u>	<u>446,917</u>	<u>-</u>	<u>632,941</u>
	(ii) Grants in support of mission								
	Church Commissioners' grants	-	318,970	-	318,970	-	309,079	-	309,079
	Lancashire Economic Partnership - Government grant	*	-	-	-	-	250,000	-	250,000
	WW1 memorial fund	-	200,000	-	200,000	-	212,001	-	212,001
	Other revenue and capital grants	30,564	5,500	-	36,064	32,064	-	-	32,064
		<u>30,564</u>	<u>524,470</u>	<u>-</u>	<u>555,034</u>	<u>32,064</u>	<u>771,080</u>	<u>-</u>	<u>803,144</u>
	<i>* These grants were received from Blackburn with Darwen Borough Council and all conditions attached to the grant have been met.</i>								
	(iii) Charges and fees arising in the course of mission								
	Facility and other fees	49,628	2,083	-	51,711	41,571	-	-	41,571
	Educational visits	-	-	-	-	619	-	-	619
		<u>49,628</u>	<u>2,083</u>	<u>-</u>	<u>51,711</u>	<u>42,190</u>	<u>-</u>	<u>-</u>	<u>42,190</u>

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2	Income and endowments (continued)	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
	Note	£	£	£	£	£	£	£	£
		(iv) Trading and fundraising activities							
		4,230	-	-	4,230	4,353	-	-	4,353
		523	-	-	523	382	-	-	382
		-	32,802	-	32,802	-	22,886	-	22,886
	6	16,243	-	-	16,243	38,774	-	-	38,774
		20,560	-	-	20,560	-	-	-	-
		<u>41,556</u>	<u>32,802</u>	<u>-</u>	<u>74,358</u>	<u>43,509</u>	<u>22,886</u>	<u>-</u>	<u>66,395</u>
		(v) Investments							
		30,893	-	-	30,893	21,824	-	-	21,824
		4,000	-	-	4,000	4,126	-	-	4,126
	5	14,949	5,608	16	20,573	10,582	11,331	-	21,913
		<u>49,842</u>	<u>5,608</u>	<u>16</u>	<u>55,466</u>	<u>36,532</u>	<u>11,331</u>	<u>-</u>	<u>47,863</u>
		(vi) Other income							
		-	-	-	-	2,485	-	58,784	61,269
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,485</u>	<u>-</u>	<u>58,784</u>	<u>61,269</u>
		<u>617,615</u>	<u>674,806</u>	<u>130,268</u>	<u>1,422,689</u>	<u>342,804</u>	<u>1,252,214</u>	<u>58,784</u>	<u>1,653,802</u>

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Expenditure on:

	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
Note	£	£	£	£	£	£	£	£
(i) Raising funds								
Votive candles	199	-	-	199	945	-	-	945
Friends of Blackburn Cathedral Music	-	12,542	-	12,542	-	27,136	-	27,136
Gross costs of shop and refectory	6 13,066	-	-	13,066	45,055	-	-	45,055
Costs of appeals and fundraising	-	4,489	-	4,489	-	28,886	-	28,886
Support costs	4 8,603	1,402	-	10,005	18,520	7,478	1,249	27,247
	21,868	18,433	-	40,301	64,520	63,500	1,249	129,269
(ii) Ministry								
Clergy stipends and working expenses	22,172	111,934	-	134,106	5,457	109,009	-	114,466
Clergy housing costs	1,079	-	-	1,079	11,923	3,484	-	15,407
Services, music and congregational costs	12,676	131,472	-	144,148	30,034	110,551	-	140,585
Support costs	4 79,320	12,923	-	92,243	48,033	19,394	3,241	70,668
	115,247	256,329	-	371,576	95,447	242,438	3,241	341,126
(iii) Cathedral and precincts upkeep								
Major repairs and restoration	-	213,995	-	213,995	-	246,878	-	246,878
Maintenance and interior upkeep	98,021	45,625	-	143,646	79,694	49,308	-	129,002
Cathedral insurance	33,481	-	-	33,481	26,931	-	-	26,931
Support costs	4 111,063	18,095	-	129,158	67,616	27,301	4,562	99,479
	242,565	277,715	-	520,280	174,241	323,487	4,562	502,290
(iv) Education and outreach								
Choir school costs	4,689	15,670	-	20,359	3,580	14,323	-	17,903
For Life project costs	-	-	-	-	1,097	-	-	1,097
Education officer	-	14,864	-	14,864	-	13,071	-	13,071
Charitable and other giving	659	-	-	659	(17,889)	-	-	(17,889)
Support costs	4 10,189	1,660	-	11,849	2,731	1,102	184	4,017
	15,537	32,194	-	47,731	(10,481)	28,496	184	18,199

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3	Expenditure on: (continued)	Note	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
			£	£	£	£	£	£	£	£
	(v) Community, parish and congregation									
	Ministry of welcome		-	-	-	-	5,152	-	-	5,152
	ExChange project		-	-	-	-	-	15,143	-	15,143
	Music Outreach project		-	52,786	-	52,786	-	39,919	-	39,919
	Other costs		-	5,863	-	5,863	-	-	-	-
	Support costs	4	16,654	2,713	-	19,367	10,698	4,319	722	15,739
			<u>16,654</u>	<u>61,362</u>	<u>-</u>	<u>78,016</u>	<u>15,850</u>	<u>59,381</u>	<u>722</u>	<u>75,953</u>
	(vi) Other expenditure on mission									
	Interest and similar charges payable		1,540	-	21,452	22,992	2,047	43,554	-	45,601
	Support costs	4	6,529	1,064	-	7,593	7,814	3,155	527	11,496
			<u>8,069</u>	<u>1,064</u>	<u>21,452</u>	<u>30,585</u>	<u>9,861</u>	<u>46,709</u>	<u>527</u>	<u>57,097</u>
			<u>419,940</u>	<u>647,097</u>	<u>21,452</u>	<u>1,088,489</u>	<u>349,438</u>	<u>764,011</u>	<u>10,485</u>	<u>1,123,934</u>

4 Support costs

Support costs are allocated to expenditure as follows:

	Direct costs	2017 Support costs	Total	Direct costs	2016 Support costs	Total
	£	£	£	£	£	£
Raising funds	30,296	10,005	40,301	102,022	27,247	129,269
Ministry	279,333	92,243	371,576	270,458	70,668	341,126
Cathedral and precincts upkeep	391,122	129,158	520,280	402,811	99,479	502,290
Education and outreach	35,882	11,849	47,731	14,182	4,017	18,199
Community, parish and congregation	58,649	19,367	78,016	60,214	15,739	75,953
Other expenditure on mission	22,992	7,593	30,585	45,601	11,496	57,097
	<u>818,274</u>	<u>270,215</u>	<u>1,088,489</u>	<u>895,288</u>	<u>228,646</u>	<u>1,123,934</u>

The support costs are made up as follows:

	Unrestricted funds	Restricted funds	Endowment funds	2017 Total	Unrestricted funds	Restricted funds	Endowment funds	2016 Total
	£	£	£	£	£	£	£	£
Administration and finance	172,960	-	-	172,960	151,802	920	10,485	163,207
Personnel and training	59,398	37,857	-	97,255	3,611	61,830	-	65,441
	<u>232,358</u>	<u>37,857</u>	<u>-</u>	<u>270,215</u>	<u>155,413</u>	<u>62,750</u>	<u>10,485</u>	<u>228,648</u>

* Support costs includes irrecoverable VAT of £12,463 (2016: £13,482) arising from the partial exemption calculation. Irrecoverable VAT arising from the business/non-business banding calculation is not separately identifiable.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

5	Investment income	Equities	Fixed interest	Variable interest	2017 Total
		£	£	£	£
	Dividends receivable	20,528	-	-	20,528
	Interest receivable	-	-	45	45
		<u>20,528</u>	<u>-</u>	<u>45</u>	<u>20,573</u>
		Equities	Fixed interest	Variable interest	2016 Total
		£	£	£	£
	Dividends receivable	21,169	-	-	21,169
	Interest receivable	-	-	744	744
		<u>21,169</u>	<u>-</u>	<u>744</u>	<u>21,913</u>
6	Shop and refectory	Shop	2017 Cathedral Catering	Total	
		£	£	£	
	Gross income	16,243	3,445	19,688	
		<u>16,243</u>	<u>3,445</u>	<u>19,688</u>	
	Opening stock	8,629	1,032	9,661	
	Purchases	11,369	1,403	12,772	
		<u>19,998</u>	<u>2,435</u>	<u>22,433</u>	
	Closing stock	(10,117)	(722)	(10,839)	
		<u>9,881</u>	<u>1,713</u>	<u>11,594</u>	
	Salaries	3,185	-	3,185	
		<u>13,066</u>	<u>1,713</u>	<u>14,779</u>	
	Gross costs				
		<u>3,177</u>	<u>1,732</u>	<u>4,909</u>	
	Net surplus				
		Shop	2016 Cathedral Catering	Total	
		£	£	£	
	Gross income	13,970	24,804	38,774	
		<u>13,970</u>	<u>24,804</u>	<u>38,774</u>	
	Opening stock	6,883	461	7,344	
	Purchases	8,215	6,159	14,374	
		<u>15,098</u>	<u>6,620</u>	<u>21,718</u>	
	Closing stock	(8,629)	(1,032)	(9,661)	
		<u>6,469</u>	<u>5,588</u>	<u>12,057</u>	
	Salaries	2,930	30,068	32,998	
	Expenses	264	1,748	2,012	
		<u>9,663</u>	<u>37,404</u>	<u>47,067</u>	
	Gross costs				
	Net surplus / (deficit)	<u>4,307</u>	<u>(12,600)</u>	<u>(8,293)</u>	

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7 Staff costs

The average number of paid employees during the year was as follows:

	2017 Number	2016 Number
Clerical - full time	3	4
Lay - full time	9	10
Lay - full time equivalents	6	8
	18	22

Full time equivalents above represent the following number of part time employees:

	12	16
--	----	----

	£	£
Salaries and stipends	356,559	384,256
Employer's national insurance	22,298	25,062
Employer's contributions to defined contribution pension schemes	9,618	9,984
Operating costs of defined benefit pension schemes	26,112	25,304
	414,587	444,606

There are no employees receiving remuneration in excess of £60,000 per annum.

The Church Commissioners funded £26,112 (2016: £23,788) of pension contributions for members of the Chapter. The Cathedral also contributed £9,618 (2016: £9,984) into money purchase pension arrangements for employees and £nil (2016: £1,516) into the Church of England Funded Pension Scheme.

During the year an ex gratia termination payment of £12,000, funded from unrestricted reserves, was paid to one employee.

8 Chapter costs (key management personnel)

Three members of the Chapter are remunerated for their services as authorised by the Cathedrals Measure 1999 and the Cathedral constitution, the remuneration (including pension contributions) are paid in accordance with scales laid down annually by the Church Commissioners and the Church of England Pensions Board.

The three members received emoluments during the year as follows:

	2017 £	2016 £
Stipends		
The Very Revd C J Armstrong	-	16,389
The Very Revd P Howell-Jones	29,223	-
Revd Canon A D Hindley	27,283	28,842
Revd Canon I G Stockton	21,802	25,802
Revd Canon S Ledbetter	-	6,907
	78,308	77,940
Employer's pension contributions		
The Very Revd C J Armstrong	-	5,326
The Very Revd P Howell-Jones	8,994	-
Revd Canon A D Hindley	9,334	9,231
Revd Canon I G Stockton	7,784	9,231
Revd Canon S Ledbetter	-	1,516
	26,112	25,304
Employer's national insurance	7,210	5,523
	111,630	108,767

In addition these members received reimbursed expenses of £6,371 (2016: £5,457).

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9 Auditors' remuneration	2017	2016
	£	£
Audit	7,150	6,750
Non-audit services	9,373	14,309
	<u>16,523</u>	<u>21,059</u>

In addition to the above, accountancy and taxation advice fees of £2,513 (2016: £5,215) have been incurred by Blackburn Cathedral Developments in respect of the Cathedral Court Development and have been capitalised within "Investment Property".

10 Investment Property

Consolidated and Chapter	Unrestricted funds £	Restricted funds £	Endowment Funds £	2017 Total £	2016 Total £
Valuation					
At 1 January 2017	-	-	430,000	430,000	15,000
Transfer from non investment property	-	-	435,000	435,000	430,000
Revaluation of property	-	-	-	-	(15,000)
At 31 December 2017	<u>-</u>	<u>-</u>	<u>865,000</u>	<u>865,000</u>	<u>430,000</u>

Included within the valuation on the investment property is Church House, the refectory element of the Cathedral Court development and the surplus car park spaces, which are available for rental.

Church House was valued as at 31 December 2017 by the Chairman of the Fabric Advisory Committee. As the property is now empty and the property is expected to be used for rental the whole property has been revalued to market value and is recognised as an investment property.

The refectory element of the Cathedral Court development is subject to a 10 year lease to the catering provider. This component of the property was valued by the Chairman of the Fabric Advisory Committee in December 2017.

11 Investments

Consolidated and Chapter	Unrestricted funds £	Restricted funds £	Endowment Funds £	2017 Total £	2016 Total £
Market value at 1 January 2017	164,975	194,295	549,588	908,858	1,207,782
Additions	37,304	208,446	364,441	610,191	584,888
Transfers to non investment bank accounts	22,700	(237,717)	(789,450)	(1,004,467)	(290,520)
Disposals	-	-	-	-	(609,653)
Net increase on revaluation	6,538	5,125	3,211	14,874	16,361
Market value at 31 December 2017	<u>231,517</u>	<u>170,149</u>	<u>127,790</u>	<u>529,456</u>	<u>908,858</u>
	Unrestricted funds £	Restricted funds £	Endowment Funds £	2017 Total £	2016 Total £
St James Place - Unit trust funds	231,517	169,751	120,808	522,076	507,202
UK listed	-	398	6,982	7,380	7,380
UK bank deposit	-	-	-	-	394,276
	<u>231,517</u>	<u>170,149</u>	<u>127,790</u>	<u>529,456</u>	<u>908,858</u>

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

12 Cathedral building and Inventory

In accordance with the guidelines for Accounting and Reporting Regulations For English Anglican Cathedrals, the Cathedral building and Inventory are not included in the financial statements.

The building dates from 1824 and was extended in the twentieth century.

The Cathedral building and its contents have an insured value of £26,161,000 (2016: £23,130,000).

13 Non investment property

Consolidated	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total as restated
	£	£	£	£	£
Net book value at 1 January 2017 as previously reported	-	-	3,359,000	3,359,000	435,352
Prior year correction	-	-	(255,000)	(255,000)	-
Revised net book value at 1 January 2017	-	-	3,104,000	3,104,000	435,352
Transfer from Property in the course of construction	-	-	-	-	7,848,138
Additions	-	-	(21,034)	(21,034)	-
Transfer to investment properties	-	-	(435,000)	(435,000)	(430,000)
Revaluation of properties	-	-	21,034	21,034	(4,461,338)
Disposals	-	-	-	-	(283,436)
Depreciation	-	-	-	-	(4,716)
Net book value at 31 December 2017	-	-	2,669,000	2,669,000	3,104,000

Non investment freehold properties are held and used as follows:

	2017 Total	2016 Total
	£	£
Currently vacant	-	255,000
For cathedral activities	590,000	770,000
For clergy and staff housing	2,079,000	2,079,000
	<u>2,669,000</u>	<u>3,104,000</u>

Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total as restated
	£	£	£	£	£
Net book value at 1 January 2017 as previously reported	-	-	3,359,000	3,359,000	435,352
Prior year correction	-	-	(255,000)	(255,000)	-
Revised net book value at 1 January 2017	-	-	3,104,000	3,104,000	435,352
Transfer from Property in the course of construction	-	-	-	-	7,819,138
Additions	-	-	(20,034)	(20,034)	-
Transfer to investment properties	-	-	(435,000)	(435,000)	(430,000)
Revaluation of properties	-	-	20,034	20,034	(4,432,338)
Disposals	-	-	-	-	(283,436)
Depreciation	-	-	-	-	(4,716)
Net book value at 31 December 2017	-	-	2,669,000	2,669,000	3,104,000

Non investment freehold properties are held and used as follows:

	2017 Total	2016 Total
	£	£
Currently vacant	-	255,000
For cathedral activities	590,000	770,000
For clergy and staff housing	2,079,000	2,079,000
	<u>2,669,000</u>	<u>3,104,000</u>

During the prior year the development of the Cathedral Court project was completed (see note 25). As the project was funded from various sources including the sale of endowed property and Government grants, and the sale of the property or part thereof, would require the permission of the Church Commissioners the Chapter have treated the whole property as endowed. Part of the property is leased to the catering providers and other tenants and this element is included within investment property. Chapter have elected to reflect the property at market value in accordance with the Cathedral Measure and as such the property was valued by Mr R Prest MRICS, Chairman of the Fabric Advisory Committee at 31 December 2017 on an open market basis.

The Cathedral shop is in the Cathedral itself and no value has been separately attributed to it.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14 Property in the course of construction

Consolidated	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Net book value at 1 January 2017	-	-	-	-	6,698,630
Additions	-	-	-	-	1,227,286
Transfer to non investment property & equipment	-	-	-	-	(7,925,916)
Net book value at 31 December 2017	-	-	-	-	-
Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Net book value at 1 January 2017	-	-	-	-	6,486,488
Additions	-	-	-	-	1,410,428
Transfer to non investment property & equipment	-	-	-	-	(7,896,916)
Net book value at 31 December 2017	-	-	-	-	-

15 Equipment and plant

Consolidated and Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Net book value at 1 January 2017	443,815	-	-	443,815	1,551
Additions	28,742	-	-	28,742	400,580
Transfer from property in the course of construction	-	-	-	-	77,778
Depreciation for the year	(54,851)	-	-	(54,851)	(36,094)
Net book value at 31 December 2017	417,706	-	-	417,706	443,815
Cost	513,645	-	-	513,645	484,903
Depreciation	(95,939)	-	-	(95,939)	(41,088)
Net book value at 31 December 2017	417,706	-	-	417,706	443,815

16 Stocks

Consolidated and Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Goods for sale in shop and catering	18,313	-	-	18,313	19,385
	18,313	-	-	18,313	19,385

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

17 Debtors					
Consolidated	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Accounts receivable	14,074	11,843	25,667	51,584	33,121
Income tax refunds	6,470	4,624	2,340	13,434	48,671
Listed Places of Worship Scheme	-	39,683	14,826	54,509	28,866
Legacy	232,603	-	-	232,603	-
Prepayments	17,059	-	-	17,059	1,696
Other debtors	13,786	12,487	-	26,273	24,023
	<u>283,992</u>	<u>68,637</u>	<u>42,833</u>	<u>395,462</u>	<u>136,377</u>
Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Accounts receivable	14,074	11,843	25,667	51,584	33,121
Income tax refunds	6,470	4,624	2,340	13,434	48,671
Listed Places of Worship Scheme	-	39,683	14,826	54,509	28,866
Legacy	232,603	-	-	232,603	-
Prepayments	17,059	-	-	17,059	1,696
Other debtors	13,786	11,888	-	25,674	23,424
	<u>283,992</u>	<u>68,038</u>	<u>42,833</u>	<u>394,863</u>	<u>135,778</u>
18 Creditors due in less than one year					
Consolidated	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Bank loan	-	-	175,268	175,268	202,461
Loans from Church Commissioners	-	-	91,797	91,797	91,797
Other Loans	-	-	150,000	150,000	-
Accounts payable	32,300	171,633	-	203,933	132,786
Tax and social security	8,514	153	53,841	62,508	71,284
Accruals and deferred income	21,725	165,801	3,045	190,571	459,043
	<u>62,539</u>	<u>337,587</u>	<u>473,951</u>	<u>874,077</u>	<u>957,371</u>
Chapter	Unrestricted Funds	Restricted Funds	Endowment Funds	2017 Total	2016 Total
	£	£	£	£	£
Bank loan	-	-	175,268	175,268	202,461
Loans from Church Commissioners	-	-	91,797	91,797	91,797
Other Loans	-	-	150,000	150,000	-
Accounts payable	32,300	65,333	-	97,633	76,614
Amounts due to Blackburn Cathedral Developments	-	-	212,225	212,225	426,009
Tax and social security	8,514	(4,383)	53,841	57,972	71,284
Accruals and deferred income	21,725	13,709	3,045	38,479	48,207
	<u>62,539</u>	<u>74,659</u>	<u>686,176</u>	<u>823,374</u>	<u>916,372</u>

The Church Commissioners value linked loan is repayable on disposal of the underlying property, whereby the Church Commissioners are entitled to 22.5% of the proceeds. Interest is charged on the loan at 6.84% per annum. The property was disposed of in 2016.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19 Creditors due after more than one year

Consolidated and Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2017 Total £	2016 Total £
Bank loan	-	-	-	-	175,998
Other loans	-	-	250,000	250,000	300,000
Loans from Diocesan Board of Finance	-	-	418,000	418,000	418,000
	<u>-</u>	<u>-</u>	<u>668,000</u>	<u>668,000</u>	<u>893,998</u>
Loan maturity analysis					
Within one year	-	-	417,065	417,065	294,258
Between one and two years	-	-	250,000	250,000	475,898
Between two and five years	-	-	-	-	-
In more than five years	-	-	418,000	418,000	418,000
	<u>-</u>	<u>-</u>	<u>1,085,065</u>	<u>1,085,065</u>	<u>1,188,156</u>

The bank loan is repayable in installments over 36 months following its drawdown in October 2015, the loan is unsecured and interest is charged at 4.35% over the Bank of England base rate.

The other loans in 2016 represented a loan from a donor to assist with the cashflow of the Clergy Court development. The loan was repayable in full in January 2018 and is interest free. A further loan from another donor was drawn down in 2017 and is repayable in full in July 2021 and interest is charged on the loan at 3% over the Bank of England base rate.

The Diocesan Board of Finance loan of £418,000 is repayable over a maximum period of 10 years from July 2014. Interest is charged on the loan at 0.5% above the rate charged by CCLA. No repayments can be made on this loan until the bank loan has reduced to a maximum of £200,000.

20 Endowment funds

Consolidated (as restated)	At 1 January 2017 £	Incoming Resources £	Outgoing Resources £	Investment Movement & Transfers £	At 31 December 2017 £
Property Funds					
- Property fund					
As previously reported	2,485,272				
Prior year adjustment	(255,000)				
As restated	<u>2,230,272</u>	130,268	(21,452)	1,917	2,341,005
- Clergy Houses fund	-				-
Property Maintenance Funds					
- H C Haworth fund	76,826	-	-	2,305	79,131
Choral Funds					
- The Chadwick Memorial fund	500	-	-	-	500
- Choristers' endowment fund	30,670	-	-	1,012	31,682
General Purposes Funds					
- St Paul's School fund	1,518	-	-	35	1,553
- General Purposes fund	30,068	-	-	(141)	29,927
	<u>2,369,854</u>	<u>130,268</u>	<u>(21,452)</u>	<u>5,128</u>	<u>2,483,798</u>
Chapter (as restated)					
Property Funds					
- Property fund					
As previously reported	2,514,272				
Prior year adjustment	(255,000)				
As restated	<u>2,259,272</u>	130,268	(21,452)	917	2,369,005
- Clergy Houses fund	-				-
Property Maintenance Funds					
- H C Haworth fund	76,826	-	-	2,305	79,131
Choral Funds					
- The Chadwick Memorial fund	500	-	-	-	500
- Choristers' endowment fund	30,670	-	-	1,012	31,682
General Purposes Funds					
- St Paul's School fund	1,518	-	-	35	1,553
- General Purposes fund	30,068	-	-	(141)	29,927
	<u>2,398,854</u>	<u>130,268</u>	<u>(21,452)</u>	<u>4,128</u>	<u>2,511,798</u>

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21 Restricted funds

Consolidated & Chapter	At 1 January 2017	Incoming Resources	Outgoing Resources	Investment Movement & Transfers	At 31 December 2017
	£	£	£	£	£
Property Funds					
- Columbarium fund	2,327	2,088	(2,686)	4	1,733
- Millennium Organ fund	376	22	(22)	22	398
- 'The Journey' fund	6,429	-	-	-	6,429
- WW1 memorial fund	-	200,000	(213,995)	-	(13,995)
- Duchy of Lancaster	-	-	-	8,436	8,436
Property Maintenance Funds					
- Repair fund	116,671	3,948	(3,948)	3,811	120,482
- Building fund	1,926	-	-	-	1,926
- Clergy house fund	32,803	-	-	-	32,803
Choral Funds					
- The Chadwick Memorial fund (income)	186	-	(20)	(7)	159
- J Smethurst fund	7,130	343	(343)	(67)	7,063
- Choral scholars fund	11,074	21,000	(15,170)	-	16,904
- Walmsley Legacy	5,000	-	(500)	-	4,500
General Funds					
- Altar fund	1,264	42	(42)	42	1,306
- Vestments fund	1,482	-	-	71	1,553
- FOBCM fund	(4,544)	32,801	(12,542)	-	15,715
- Music Outreach Project	31,689	60,195	(52,786)	-	39,098
- Thornber Music fund	60,097	1,099	(1,099)	1,087	61,184
- Blackburn Cathedral Trust Refurbishment fund	232	4,489	(4,489)	-	232
- Jackson legacy fund	5,247	149	-	162	5,558
- The Education Officer fund	1,640	16,200	(14,864)	-	2,976
- D Barker Memorial bench fund	1,241	-	(121)	-	1,120
- M Emery memorial fund	1,318	85	-	-	1,403
- Margaret Kay Gift	7,064	-	-	-	7,064
- Other restricted funds	-	332,345	(324,470)	(6,875)	1,000
Consolidated restricted funds	290,652	674,806	(647,097)	6,686	325,047

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21 Restricted funds (continued)

The Music Outreach Project is a programme run to ensure that singing is at the heart of every primary school child's life.

The Thornber Music Fund is being applied towards various musical objectives, including the promotion and performance of music to the highest attainable standard.

The Walmsley Legacy was provided in memory of Keith and Barbara Walmsley, to be used for Chorister education.

The Blackburn Cathedral Trust Refurbishment fund is funded by Blackburn Cathedral Trust towards a number of improvement programmes in the Cathedral. During the current year the fund has assisted in the renovation of the Cathedral chairs, the promotion of the Appeal fund and the professional fees in respect of a Heritage Lottery fund application.

The Jackson legacy fund is provided to fund a memorial plaque and annual prizes for the choir and servers.

The Education Officer position is funded by Blackburn Cathedral Trust.

The D Barker memorial bench fund was donated to provide benches for the Cathedral.

The M Emery memorial fund was donated to provide benches for the Cathedral.

The Margaret Kay Gift is to be used for items contributing to the adornment of Blackburn Cathedral, particularly furniture. As part of this work a refurbishment of the Bromsgrove Guild War Memorial has been undertaken.

Other restricted funds principally represent the grant received from the Church Commissioners which funds stipends and salaries.

22 Unrestricted funds

Consolidated and Chapter	At 1 January 2017	Incoming Resources	Outgoing Resources	Investment Movement & Transfers	At 31 December 2017
	£	£	£	£	£
General funds	209,766	617,615	(366,014)	6,538	467,905
Designated funds: - Fixed asset funds	443,815	-	(53,926)	17,556	407,445
	<u>653,581</u>	<u>617,615</u>	<u>(419,940)</u>	<u>24,094</u>	<u>875,350</u>

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

23 Pension schemes

During the year the Chapter contributed £nil (2016: £1,516) to the Church of England Funded Pensions Scheme for stipendary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers. In 2015 the Chapter had one employee who was directly funded by the Chapter and therefore a corresponding defined benefit liability was identified of £28,000, however this was not reflected in the financial statements as the employee had been given notice prior to the 31 December 2015 that their contract would not be renewed and therefore the liability ceased on termination of the employment. At 31 December 2017 the Chapter holds no liability in respect of this employee.

The Chapter also contributes to defined contribution stakeholder pension schemes for selected employees. The contributions for the year totalled £9,618 (2016: £9,984) and there were no contributions outstanding at the year end.

BLACKBURN CATHEDRAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

24 Related entities

Blackburn Cathedral Developments, a company limited by guarantee, is controlled by the Chapter. The results and balance sheet of the company are consolidated in these accounts. The company made a surplus of £nil (2016: £nil) during the year, and had net assets of £nil (2016: £nil) at 31 December 2017. The accounts of the company include income from the Cathedral of £1,457 (2016: £1,470,711). Included within creditors on the Chapter's own balance sheet is £212,225 (2016: £426,009) owed to Blackburn Cathedral Developments.

The Friends of Blackburn Cathedral and Blackburn Cathedral Trust operate independently of the Chapter, but are wholly for the benefit of the Cathedral. Income receivable from these entities is included in the financial statements.

Summarised financial statements

	The Friends of Blackburn Cathedral			Blackburn Cathedral Trust		
	2017	2016	2015	2017	2016	2015
	£	£	£	£	£	£
Gross income	17,527	93,901	32,024	126,239	90,464	127,573
Net income before payments to Cathedral	10,215	15,411	22,605	121,938	77,975	111,656
Paid to Cathedral	11,235	280	17,000	50,898	103,202	166,816
Gross assets	32,834	30,002	14,871	120,814	73,021	96,620
Net assets	28,982	30,002	14,871	118,321	49,992	57,559
Amounts owed (to)/from Blackburn Cathedral Chapter	1,074	-	-	(585)	22,775	(22,961)

The financial statements of the Friends of Blackburn Cathedral, from which these figures are extracted, are unaudited but did receive an independent examination. The examiner found no matters to which he wished to draw attention.

The financial statements of the Blackburn Cathedral Trust, from which these figures are extracted, are unaudited but did receive an independent examination in 2016. The examiner found no matters to which they wished to draw attention. The 2017 figures are extracted from draft accounts yet to be subjected to Independent Examination.

During the year the subsidiary company, Blackburn Cathedral Developments made purchases of £9,698 (2016: £10,410) from a company connected to a director of Blackburn Cathedral Developments.

25 Contingent asset and liability

The Cathedral Court construction project was completed in May 2016. During the course of the development Chapter has secured funding of £6.45m from a mixture of generous donations and grants, in addition Chapter had raised cash of £1.1m from the sale of investments and property taking total income for the project to £7.55m.

Total development costs including fees are anticipated to be £8.6m, however due to project delays caused by a structural defect during the construction phase the main contractor has submitted a claim for additional costs in excess of £0.4m which is under dispute. In addition, Chapter is currently in dispute with a professional advisor involved in the project, a claim significantly in excess of £0.5m will be made by the Chapter of which £0.1m has been received in part settlement during the year. Chapter is engaged with legal and other advisors in seeking resolution to these matters but anticipates there may be some delay in reaching agreeable conclusions.

Based upon anticipated costs and securing the pledged income there is a significant shortfall on the project funding which the Chapter are looking to address via further generous donations and through a long term debt management strategy. No recoverable or payable amounts in respect of the outstanding claims are reflected in these financial statements due to the uncertainty of the conclusion, any amounts which are recovered or become payable will be credited or debited to the endowment fund as they arise.