BLACKBURN CATHEDRAL CHAPTER

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

BLACKBURN CATHEDRAL CHAPTER

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BLACKBURN CATHEDRAL CHAPTER

LEGAL AND ADMINISTRATIVE INFORMATION

Full Name:	The Cathedral Church of Saint Mary The Virgin Blackburn	
Address	Cathedral Office 10 Cathedral Close Blackburn BB1 5AA	
The Chapter	Chair: The Dean of Blackburn, The Very Reverend P Howell-Jones	
	Residentiary Canons: Canon A D Hindley Canon A S Horsfall Canon Dr. R Pailing Bishop Philip North	(Appointed May 2018)
	Appointed by the College of Canons: Canon A Sage	
	Bishop's Appointees: Mrs M McClintock Mr K Roberts	
	Representative of the Bishop's Council Ms K Thompson	
	Appointees of the Cathedral Community Judge J Prowse Mr P Mason	
Director of Music	Mr Samuel Hudson	
Executive Director	Mrs Sharon Grayston	
Finance Manager	Mr Adrian Phillips	
Finance Committee	Mr J Wood (Chair) The Very Reverend P Howell-Jones Canon A Hindley Mr D Kay Mrs M Wood Mr S Adams Mr K Roberts	(Appointed August 2018)

BLACKBURN CATHEDRAL CHAPTER

LEGAL AND ADMINISTRATIVE INFORMATION

Fabric Advisory Committee	Mr R Prest (Chair) The Very Reverend P Howell-Jones Canon P Cavanagh Canon A D Hindley Canon R McCullough Prof A Ballantyne Mr M Berry (Clerk) Mr A Croston Mr J Sanderson Mr G Keevill Mr M Millward
Cathedral Architect	Mr J Sanderson SANDERSON BORLAND Carvers Warehouse 77 Dale Street Manchester M1 2HG
Cathedral Archaeologist	Mr G Keevill
Bankers	National Westminster Bank Plc PO Box No 33 35 King William Street Blackburn BB1 7DL
Auditors	haysmacintyre llp Chartered Accountants 10 Queen Street Place London EC4R 1AG
Investment Managers	St James Place Wealth Management Administration Centre PO Box 9034 Chelmsford CM99 2XA

BLACKBURN CATHEDRAL CHAPTER

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

STRUCTURE, GOVERNANCE AND MANAGEMENT

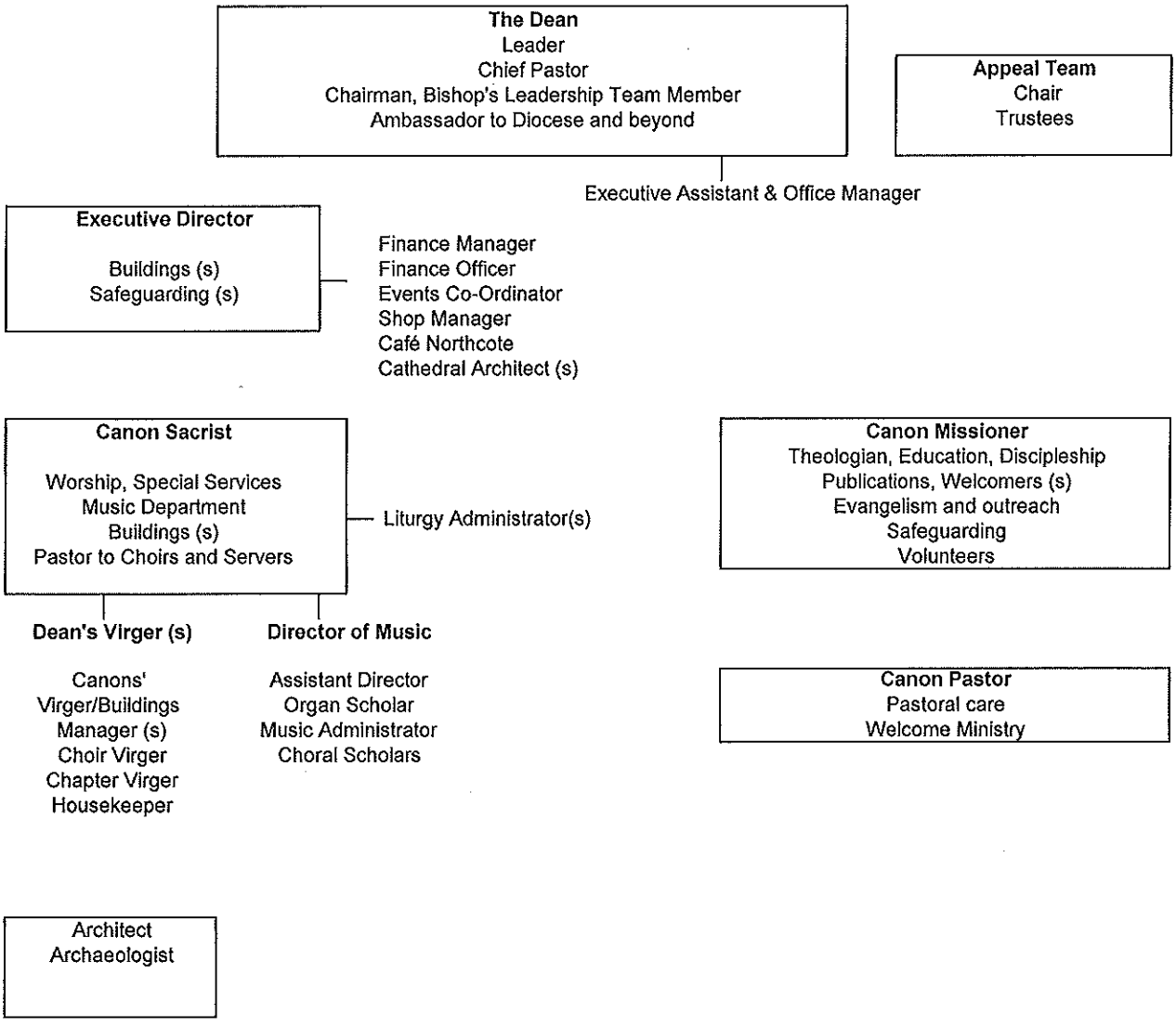
Governing Statute

The Constitution and Statutes of the Cathedral Church of St. Mary the Virgin, Blackburn, which came into effect on 16 May 2018.

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



BLACKBURN CATHEDRAL CHAPTER

ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

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	*(College of Canons) - Resigned June 2018*
Mr D Estill	*(Churches Together in Lancashire)*
County Councillor Miles Parkinson	*(Lancashire County Council) - Resigned July 2018*
Councillor Tony Humphrys	*(Blackburn with Darwen Borough Council) - Resigned July 2018*
Mr R Prest	*(Fabric Advisory Committee)*
Mr D Peat OBE	*(Bishop's appointee)*
Mrs J Venn	*(Bishop's appointee)*
Mr A Reid MBE	*(Bishop's appointee)*
Mrs M McClintock	*(Cathedral Chapter)*
Judge J Prowse	*(Bishop's appointee)*
Canon A Hindley	*(Cathedral Chapter)*
Mr P Hunwick	*(Cathedral Lay Employee)*
Mrs B Robb	*(Cathedral Congregation)*
Mr E Haythornwhite	*(Cathedral Congregation)*
Mrs K Brooke	*(Honorary Minutes Secretary)*
Councillor Sylvia Liddle	(Blackburn with Darwen Borough Council) - Appointed January 2019
Mr Raymond Smith	(Cathedral Congregation) - Appointed April 2018

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 sole member is the Cathedral.

Blackburn Cathedral Enterprises Limited

This company has been established to handle the trading and commercial activities on behalf of Chapter and is 100% owned by 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 but is wholly for the benefit of the Cathedral.

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 Rev'd Canon Dr. Rowena Pailing, Canon Missioner - Appointed May 2018
- Mr Chris Jones, Liturgy Administrator - resigned July 2018
- Mrs Liz McLean, Liturgy Administrator - appointed July 2018
- Mrs Kate Fulwell, Shop Manager - resigned July 2019
- Mrs Julie Eatwell, Shop Manager, - appointed July 2019

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.

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 2018 this included the Cathedral again hosting a beacon event for Thy Kingdom Come; and holding study groups using Pilgrim course material to help those at different stages in their Christian journey to grow in faith. The many Cathedral volunteers continue to exercise a valuable and varied ministry, including a growing number who take an active part in leading prayer.

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
It has been a busy year at the cathedral and there has been much to give thanks for and challenges to face. Writing to the church in Philippi, the Apostle Paul spoke of pressing on towards the goal for which God has called him – this has very much been the spirit of our calling as a Chapter and community this year and we look forward with eager anticipation to what the future holds.

Welcomes

There were two important arrivals this last year. In May 2018 the Bishop of Blackburn installed and collated the Revd Dr Rowena Pailing as Canon Missioner and we were delighted to have her join the Chapter. She has already made her mark and has been well received by the community both in and outside the cathedral. In July the Bishop welcomed, installed and commissioned The Right Reverend Dr Jill Duff as Bishop of Lancaster, making the Bishop's senior team complete once again.

Governance, finance and buildings

As part of our ongoing commitment to good governance, the Constitution and Statutes Task Group completed their work on behalf of Council and Chapter and the completed document was sent on for formal approval by the Cathedral Council, Chapter and General Synod. At a service on Pentecost Sunday the revised Constitution and Statutes were signed by the Bishop, Chair of Council Christopher Carr, and The Dean, bringing the new Constitution and Statutes into effect. An audit of the Cathedral's governance was undertaken by haysmacintyre, and their recommendations were received and accepted by the Chapter in the autumn. The Chapter also turned its attention to the Cathedral's strategic planning process, and progress under the facilitation of Mr Charles Hobson will continue in 2019. Consultation with a variety of stakeholders has already begun and we hope to see the completed Strategic Plan in place by Easter 2019.

The Cathedral's finances continue to be a cause for concern, and much time and effort was spent in monitoring and managing the situation. The Finance Committee has been reinstated and Mr Jonathan Wood welcomed as its chairman. The Chapter is clear that even more effort must go into income generation and, amongst recent initiatives, the Cathedra gin project has attracted favourable attention and generating a small surplus. Another income stream is expected through a forthcoming Life Treasury installation as part of the columbarium. The purpose-built cabinet will provide additional space for the resting of cremated remains and so opening up the cathedral engagement with a wider group of people. Blackburn will be the first cathedral to have such a facility.

The Cathedral Court development has won a national conservation award from the Institute of Historic Building Conservation. The negotiations with the main contractor for the scheme, and with the insurers for construction Engineers, have continued during the year. Under the chairmanship of Mr Keith Roberts from the spring onwards, Blackburn Cathedral Developments has drawn on the

expertise of Shoosmiths, a legal firm with specialist knowledge in construction lay and mediation, to re-appraise the claim against the construction Engineers. Additional snagging problems have come to light which are being attended to by the cathedral Architect in consultation with the main contractor.

Work on the development phase of the refurbishment of the Crypt, funded by the Heritage Lottery Fund, was led by Ms Emma Birkett as project manager. The work was completed on time and in budget and consequently gained the approval for a project to move to the next stage. The aim of the project is to bring the Crypt back into use as a community resource, an interpretative space for exhibitions and displays and opening up further possibilities for performances and meeting space. The challenge now is to find the £1 million match funding that will be required for the HLF Round 2 bid to succeed. The Cathedral has been given a six-month extension of time to raise this sum, led by the Blackburn Cathedral Trust.

Cathedral life and teaching

Chapter are committed to ensuring that the cathedral is compliant with all Safeguarding requirements. To this end, The Canon Missioner has taken safeguarding as part of her brief, with the aim of promoting a safer environment and culture for everyone involved with the Cathedral - staff, visitors and worshipers. She chairs the monthly meetings of the Cathedral Safeguarding Group, and against the background of a sobering report by the Independent Inquiry into Child Sexual Abuse, made an audit of current practice and areas for development. The Cathedral Safeguarding Policy, which is robust, has been updated with new contact information and Canon Dr Pailing, as an approved safeguarding trainer, has delivered training sessions with more to follow on a rolling programme. Work has taken place on implementing safer recruitment processes that are compliant with national guidelines, including for volunteers, and on the storage and use of personal and sensitive data, in line with the General Data Protection Regulation that come into force in May 2018.
The safeguarding activity is supported with advice from the Diocesan Safeguarding Advisor, Ms Sharon Hassell.

The worship of the Cathedral is supported throughout the liturgical year by its seven choirs, including for special occasions and commemorations. The Director of Music, Mr Samuel Hudson, leads a music department whose choirs sing at home and away, including at St Anne's Cathedral in Belfast. Our music outreach programme continues to go from strength to strength. In September 2018, Gill Fourie, Head of Music Outreach, was an invited speaker at the National Cathedrals Conference. Our work is clearly seen as outstanding on the national stage. The Renaissance Singers continue to contribute strongly to the life and reputation of the cathedral. This last year including a week of residence at Ripon Cathedral and a summer concert at Whalley Abbey. The Cathedral's scholarships for singers and organists attract excellent candidates, who go on to cathedral posts that have in recent years included Wells, Lincoln and Carlisle. Mr Hudson will be leaving the Cathedral during 2019 to take up the directorship of music at Worcester, opening up a wonderful opportunity for a successor to build on his work.

The bell ringers, led by their Ringing Master, Mr Raymond Hutchings, were delighted to recruit seven new ringers after the 2017 fall in numbers. There were only four Sundays with no ringing, and the regular Thursday practices went well, including the learners. There were five quarter peals and two full peals rung during the year, and special events included the welcome to the new Bishop of Lancaster on 4 July. On the hundredth anniversary of the end of WW1, the lives of the five ringers from Blackburn who were killed between 1914 and 1918 are gratefully remembered, and their individual anniversaries are each marked with appropriate ringing.

The Education Department, overseen by the Canon Missioner, is led by the Education Officer, Mrs Sian Howell-Jones and provides a service to the schools of the Diocese and county. Content of the educational trails has developed to include more hands-on activity by pupils and opportunities to embrace the essence of Christian faith. An example is the Spirituality Day for the whole of year 7 at Preesall School, now in its fifth year with the help of twenty volunteers, which with increased resources could be offered more widely. Almost 1500 school pupils attended the Cathedral during the year from Key Stages 1 to 4, and income topped £4000 for the first time.

The Sunday School has further developed as part of the Cathedral's ministry to young people. A move to the Chesters Room in the Crypt in the spring brought improved light and space, and allowed for two events - an official opening and a Christmas drop-in – that built relationships with the congregation and helped to ensure the school is an active part of the Cathedral family. An Easter Garden was made and displayed at the back of the Cathedral and the annual summer party was held in the Cathedral Court garth for the first time. All the teachers and assistants completed on-line safeguarding training, and held two social events, the first led by the Dean and the second by the Canon Missioner, to share in worship and get to know each other better.

The Flower Arrangers continue to produce amazing displays on a weekly basis to enhance our worship and we are grateful to the team of seven arrangers for all the work they do.

Thanks to Paul Mason, we were delight to see the birth of Blackburn Cathedral Community Theatre Group during the year. The first production, just before Christmas of Charles Dickens "Christmas Carol" was indeed a truly wonderful first performance. It was so encouraging to see such a diverse cast in both age and experience working so well together - a really positive reflection of a community theatre group at its best. We look forward with anticipation to what comes next.

And thank you!

The Chapter is grateful for the gifts of time and effort reflected in the work above. In addition, its members would like to express their deepest thanks to all members of the Cathedral's staff and volunteers, whatever their roles, for their tireless and unstinting contributions in making Blackburn Cathedral the successful, worshipping and accessible community that bears powerful witness to the Christian faith across the Diocese and beyond.

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 outgoing resources of £77,034 (2017: £197,675). The 2018 financial year has seen a decrease in donations and no large legacies. Positive steps have been made in attracting greater use of the cathedral for events, tours and visits which has increased income. Despite a tight control being made over expenditure the underlying costs of running the Cathedral continue to exceed the income received. In 2019 a financial improvement plan is being implemented to address the continuing deficit and to put the Cathedral on a path to sustainability in the future.

The restricted funds showed net incoming resources of £20,180 (2017: £27,708). A grant from Heritage Lottery fund in the year has allowed plans to be developed for the Crypt and the continued success of Music Outreach and Friends of Blackburn Cathedral Music allows these areas to develop and expand.

Endowment funds show net incoming resources of £3,515 (2017: £108,816) income in the year largely consisted of donations towards the completion of the Clergy Court development.

Losses recognised on the revaluation of investments across all funds amounted to £43,975 (2017: gains £14,874).

The cash inflow from operating activities was £174,698 (2017: outflow £7,037), primarily as a result of the receipt of legacies at the beginning of the financial year which were confirmed in 2017. Cash reserves at the year end are £195,271 (2017: £331,335), the Cathedral has net current liabilities of £44,958. A number of improvements have been made on cashflow management in 2018 and close monitoring is undertaken to ensure the Cathedral can continue to operate within the limitations of current cash reserves.

Going Concern

In 2018 the Cathedral has continued to face significant financial challenges. Decreasing income, increasing costs and staffing issues have impacted the day to day running of the Cathedral and given rise to a total deficit of £114,157. Despite these challenges the Cathedral has implemented financial reporting reforms which have provided greater clarity to the Chapter on financial performance and allowed improved decision making. In the short term the Cathedral is forecasting a deficit for 2019 to a similar level incurred in 2018. To address this deficit a financial improvement plan has been implemented which is reviewed regularly by the reinstated Finance Committee and progress reported through to the Chapter.

Forecasts to the end of 2020 show that through careful cash management and the use of available liquid resources when required the Chapter remain confident that they are able to meet liabilities as they fall due for the foreseeable future.

The Chapter acknowledge that the current position and ongoing issues with the Cathedral Court Development, see note 24, continue to present uncertainty over the ability to meet the significant liabilities that may arise. The quantum and timing of these liabilities is still unknown and continue to be disputed by the Chapter. In light of this uncertainty the Chapter are working on options to refinance the current debt profile, increase income generation and return the Cathedral to a sustainable financial position. The Chapter remain confident that the plans that have been put in place are achievable and will be successful in the future. The Chapter therefore continues to adopt the going concern basis in preparing these financial statements.

Five Year Summary of Key Figures

	2014 £	2015 £	2016 £	2017 £	2018 £
Incoming resources:					
Unrestricted	370,082	352,212	342,804	617,615	339,964
Total	3,495,437	4,429,163	1,653,802	1,422,689	1,089,822
Net movement in funds including investment gains and losses before transfers:					
Unrestricted	(39,465)	(88,605)	568	204,213	(97,846)
Total	2,151,275	3,138,488	(3,675,109)	370,108	(114,157)
Funds carried forward					
Unrestricted - General funds	241,389	156,576	209,766	467,905	426,516
Total	4,105,708	7,244,196	3,569,087	3,684,195	3,570,038

Reserves Policy

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 2018 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 2018 is £426,615, with an additional £349,965 in designated funds relating to the Cathedral and Clergy Court fixtures and fittings.

Investment Policy

The Chapters investment policy is for funds held for long term investment to be invested in St. James' Place investment fund. In 2019 funds will be transferred to CCLA.

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	30,952

No major expenditure has been incurred during the period in respect of the existing investment property.

Total Return on Investments

Gross income from investments	Equities £	Variable Interest £	Total £
St. James Place Investment Fund	15,552	-	15,552
UK Bank Cash Deposits	-	2,984	2,984
	15,552	2,984	18,536
Gain on investment revaluation	(49,558)	-	(49,558)
	(34,006)	2,984	(31,022)

Investment Performance (Capital Growth)

St James Place Funds and Equities	-9.10%
St James Place Funds and Equities (Excluding Endowment funds)	-9.10%

For comparison purposes:

CCLA - CBF Church of England Investment Fund - Income	-2.90%
FTSE 100	-12.50%
FTSE All Share	-7.50%

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, we expect to promote and use the building for more events.

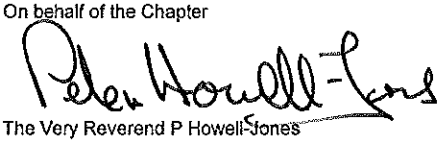
- Progress with stage 2 of the crypt redevelopment with ongoing support from Heritage Lottery Fund.

- 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 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.

- Review options for the future use of Church House.

- Decide upon the relocation of the shop.

On behalf of the Chapter



The Very Reverend P Howell-Jones
Dean

Date: 3 May 2019

BLACKBURN CATHEDRAL CHAPTER

REPORT OF THE FABRIC ADVISORY COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2018

The Fabric Advisory Committee met on four occasions during 2018 – January, June, September and December.

Throughout the year the Committee have been kept appraised of the ongoing final snagging defects and note that the reluctance of the main contractors to grasp problems of missing or inadequately installed damp proof coursing beneath copings is of concern and beginning to cause cosmetic issues with the external rendered finishes in particular.

Additionally, during the year a further snagging issue has arisen – the first-floor slab of the Deanery is not truly level and within specification and tolerances – another issue which the main contractor has to remedy under the terms of the building contract.

On a more positive note, June's meeting was attended by a delegation from the Cathedral Fabric Commission for England to consider preliminary proposals including the brief for a Heritage Lottery Fund Grant Bid for the long overdue Crypt refurbishment.

The brief aims to create a balance between liturgical community resource and engagement with interpretive space for exhibitions for use by Parishes, schools with cost free access for the public.

The challenge is to introduce natural light into a poorly lit space.

The architects commissioned have prepared a scheme which involves minimal intervention to the historic fabric with glazed screens creating intimate spaces whilst retaining dramatic features within the Crypt.

Some initial concerns were to be addressed in further work before the bid is completed and there's a significant financial challenge to Cathedral – a need to raise just under £1m match funding.

HLF had kindly agreed to extensions of time for the submission of a bid and the work involved would not be wasted if match funding were not achieved – the scheme would remain a priority on the Cathedral's wish list for future funding streams.

The December meeting considered a proposal for a commercial organisation to introduce a new service to be housed within a purpose-built cabinet within the columbarium space – a life treasury is designed to be a relatively temporary deposit for loved one's ashes and keepsakes for which the Cathedral would receive a substantial premium payment for a proposed 20 year tenure.

The scheme which does not involve any significant interventions into the Cathedral fabric and can be accommodated within an existing niche/doorway was largely felt acceptable and was to be the subject of a formal application for approval with appropriate consultation.

The architect reported that the precinct development scheme had won an important National Conservation Award issued by the Institute of Historic Building Conservation (IHBC) and FAC would consider an appropriate location for plaque positioning in due course.

Finally, the architect reported a timber decay problem with the flagpole which was replaced within relatively recent memory in which it was hoped would be the subject of a warranty claim.

Membership and support from FAC members has remained relatively constant throughout the year and the Chairman is appreciative of those members who take considerable trouble to travel distances to attend meetings.

On behalf of the Fabric Advisory Committee

Mr R Prest
Committee Chairman
3 May 2019

BLACKBURN CATHEDRAL CHAPTER

STATEMENT OF THE RESPONSIBILITIES OF THE CHAPTER
FOR THE YEAR ENDED 31 DECEMBER 2018

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 CHAPTER

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 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Chapter Balance Sheets, the Consolidated Statement of Cashflows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Cathedral's affairs as at 31 December 2018 and of the group's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the regulations specified by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

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.

Conclusions relating to going concern

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

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

Emphasis of matter

We draw your attention to Note 1.1 on page 18 of the financial statements which discloses the premise upon which the Cathedral has prepared its financial statements by applying the going concern assumption. Our audit report is not modified in respect of this matter.

Responsibilities of the members of the Chapter for the financial statements

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

In preparing the financial statements, the members of the Chapter are responsible for assessing the group's and 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 they either intend to liquidate the group or 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.

BLACKBURN CATHEDRAL CHAPTER

INDEPENDENT AUDITORS' REPORT TO THE CHAPTER OF BLACKBURN CATHEDRAL

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.

Other information

The members of the Chapter are responsible for the other information. The other information comprises the information included in the Annual Report of the Chapter. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- sufficient accounting records have not been kept by the Cathedral; or
- the Cathedral's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Use of our report

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

Haysmacintyre LLP

Haysmacintyre LLP
Statutory Auditors

3 MAY 2019

10 Queen Street Place
London
EC4R 1AG

BLACKBURN CATHEDRAL CHAPTER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total Funds 2018	Total Funds 2017
		£	£	£	£	£
Income and endowments from:	2					
(i) Donations and legacies		167,652	135,143	1,125	303,920	686,120
(ii) Grants in support of mission		25,409	577,624	-	603,033	555,034
(iii) Charges and fees arising in the course of mission		62,177	3,950	-	66,127	51,711
(iv) Trading and fundraising		36,011	22,232	-	58,243	74,358
(v) Investments		44,093	6,933	2,798	53,824	55,466
(vi) Other income		4,622	53	-	4,675	-
Total income		**339,964**	**745,935**	**3,923**	**1,089,822**	**1,422,689**
Expenditure on:	3					
(i) Raising funds		35,296	30,551	-	65,847	40,301
(ii) Ministry		92,603	309,428	-	402,031	371,576
(iii) Cathedral and precincts upkeep		233,319	296,714	408	530,441	520,280
(iv) Education and outreach		2,958	15,303	-	18,261	47,731
(v) Community, parish and congregation		13,230	68,436	-	81,666	78,016
(vi) Other expenditure		39,592	5,323	-	44,915	30,585
Total expenditure		**416,998**	**725,755**	**408**	**1,143,161**	**1,088,489**
Net (outgoing)/incoming resources before investment gains		**(77,034)**	**20,180**	**3,515**	**(53,339)**	**334,200**
(Losses)/gains on investments and property revaluations	**10/11 /13**	(20,812)	(15,904)	(24,102)	(60,818)	35,908
Net income / (expenditure)		**(97,846)**	**4,276**	**(20,587)**	**(114,157)**	**370,108**
Gross transfers between funds	**20,21**	(1,023)	1,023	-	-	-
Net movement in funds		(98,869)	5,299	(20,587)	(114,157)	370,108
Reconciliation of funds:						
Total funds brought forward		875,350	325,047	2,483,798	3,684,195	3,314,087
Total funds carried forward		**776,481**	**330,346**	**2,463,211**	**3,570,038**	**3,684,195**

Total incoming resources for the Chapter are £1,080,257 (2017: £1,422,689) and the net movement in funds is an increase of £112,281 (2017: increase £369,108).

BLACKBURN CATHEDRAL CHAPTER

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2018 £	Total Funds 2017 £
Fixed assets						
Investment assets						
Property	10	-	-	865,000	865,000	865,000
Investments	11	219,372	145,577	113,416	478,365	529,456
		219,372	145,577	978,416	1,343,365	1,394,456
Tangible fixed assets						
Property	13	-	-	2,669,000	2,669,000	2,669,000
Equipment and plant	14	362,428	-	-	362,428	417,706
		362,428	-	2,669,000	3,031,428	3,086,706
Total fixed assets		**581,800**	**145,577**	**3,647,416**	**4,374,793**	**4,481,162**
Current assets						
Stocks	15	20,987	-	-	20,987	18,313
Debtors	16	63,944	87,315	-	151,259	395,462
Cash at bank and in hand		232,051	371,229	(408,009)	195,271	331,335
		316,982	458,544	(408,009)	367,517	745,110
Liabilities due within one year						
Creditors	17	(122,301)	(273,775)	(16,399)	(412,475)	(874,077)
Net current assets / (liabilities)		**194,681**	**184,769**	**(424,408)**	**(44,958)**	**(128,967)**
Total assets less current liabilities		**776,481**	**330,346**	**3,223,008**	**4,329,835**	**4,352,195**
Liabilities due after more than one year						
Loans from third parties	18	-	-	(759,797)	(759,797)	(668,000)
Total net assets		**776,481**	**330,346**	**2,463,211**	**3,570,038**	**3,684,195**
Funds						
Endowment funds	19	-	-	2,463,211	2,463,211	2,483,798
Restricted funds	20	-	330,346	-	330,346	325,047
Unrestricted funds	21					
General funds		426,516	-	-	426,516	467,905
Designated funds		349,965	-	-	349,965	407,445
Total Cathedral funds		**776,481**	**330,346**	**2,463,211**	**3,570,038**	**3,684,195**
Revaluation reserve included above		-	-	*361,431*	*361,431*	*374,273*

The financial statements were approved by the Chapter and authorised for issue on 3 May 2019.

The Very Reverend P Howell-Jones
Dean

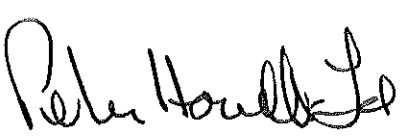
Mr K Roberts

BLACKBURN CATHEDRAL CHAPTER

CHAPTER BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total Funds 2018 £	Total Funds 2017 £
Fixed assets						
Investment assets						
Property	10	-	-	865,000	865,000	865,000
Investments	11	219,372	145,577	113,416	478,365	529,456
		219,372	145,577	978,416	1,343,365	1,394,456
Tangible fixed assets						
Property	13	-	-	2,669,000	2,669,000	2,669,000
Equipment and plant	14	362,428	-	-	362,428	417,706
		362,428	-	2,669,000	3,031,428	3,086,706
Total fixed assets		**581,800**	**145,577**	**3,647,416**	**4,374,793**	**4,481,162**
Current assets						
Stocks	15	14,411	-	-	14,411	18,313
Debtors	16	60,955	86,603	-	147,558	394,863
Cash at bank and in hand		232,051	115,739	(157,109)	190,681	309,231
		307,417	202,342	(157,109)	352,650	722,407
Liabilities due within one year						
Creditors	17	(110,860)	(17,573)	(239,299)	(367,732)	(823,374)
Net current assets / (liabilities)		**196,557**	**184,769**	**(396,408)**	**(15,082)**	**(100,967)**
Total assets less current liabilities		**778,357**	**330,346**	**3,251,008**	**4,359,711**	**4,380,195**
Liabilities due after more than one year						
Loans from third parties	18	-	-	(759,797)	(759,797)	(668,000)
Total net assets		**778,357**	**330,346**	**2,491,211**	**3,599,914**	**3,712,195**
Funds						
Endowment funds	19	-	-	2,491,211	2,491,211	2,511,798
Restricted funds	20	-	330,346	-	330,346	325,047
Unrestricted funds	21					
General funds		428,392	-	-	428,392	467,905
Designated funds		349,965	-	-	349,965	407,445
Total Cathedral funds		**778,357**	**330,346**	**2,491,211**	**3,599,914**	**3,712,195**
Revaluation reserve included above		-	-	*361,431*	*361,431*	*374,273*

The financial statements were approved by the Chapter and authorised for issue on 3 May 2019.



The Very Reverend P Howell-Jones
Dean

Mr K Roberts

BLACKBURN CATHEDRAL CHAPTER

CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2018

	2018		2017	
	£	£	£	£
Reconciliation from net income to net cashflow from operating activities:				
Net incoming resources before investment gains for the year		(56,132)		334,200
Adjustments for:				
Income from property		(30,952)		(30,893)
Investment income		(18,538)		(20,573)
Interest and similar charges		32,317		22,992
Depreciation		57,480		54,851
Donations received for purchase of fixed assets		(1,125)		(136,675)
Profit on disposal of investments		2,792		-
(Increase)/ decreae in stock		(2,674)		1,072
Decrease / (increase) in debtors		244,203		(281,612)
(Increase)/ decrease in creditors		(52,673)		49,601
Net cash (outflow)/ inflow from operating activities		174,698		(7,037)
Net cash inflow /(outflow) from operating activities		174,698		(7,037)
Cashflows from investing activities				
Purchase of fixed assets	(16,253)		(243,927)	
Proceeds from sale of fixed assets	4,325		-	
Rents received	30,952		30,893	
Investment income received	18,532		20,557	
Interest received	6		16	
Donations received for purchase of fixed assets	1,125		136,675	
Net cash received from/(used in) investing activities		38,687		(55,786)
Cashflows from financing activities				
Cash inflows from new borrowings	-		250,000	
Repayment of borrowings	(325,268)		(353,191)	
Interest paid	(24,181)		(19,948)	
Net cash used in financing activities		(349,449)		(123,139)
Change in cash and cash equivalents in the year		(136,064)		(185,962)
Cash and cash equivalents at the beginning of the year		331,335		517,297
Cash and cash equivalents at the end of the year		195,271		331,335
Analysis of cash and cash equivalents				
Cash in hand		195,271		331,335
Total cash and cash equivalents		195,271		331,335

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 subsidiaries are a public benefit group for the purposes of FRS 102 and therefore 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 24 to the Financial Statements details the current position regarding the Cathedral Court Development and the ongoing issues. The uncertainty over the 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 the underlying Cathedral operations can be financed for the next 18 months. The Chapter has approved the implementation of a financial improvement plan which targets increasing income generation to reduce the current underlying deficit on the day to day operations of the Cathedral. Ongoing discussions are being held to refinance the debt profile of the Cathedral.

The Chapter is confident 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

1.2 Funds

Funds are split between endowment, restricted and unrestricted funds. Movements on these funds are summarised in Notes 19, 20 and 21.

Endowment funds are those where there is no power to convert the capital to income.

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.

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.

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.

2 Income and endowments

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
(i) Donations and legacies									
Congregational collections and giving		119,589	-	-	119,589	129,819	-	-	129,819
Donations and fundraising appeals		12,795	6,860	900	20,555	20,425	17,104	129,800	167,329
Tax recoverable under Gift Aid		31,303	-	225	31,528	23,334	-	452	23,786
Income from Blackburn Cathedral Trust	23	-	78,030	-	78,030	-	50,898	-	50,898
Music Outreach Project takings and contributions		-	50,253	-	50,253	-	41,841	-	41,841
Legacies		3,965	-	-	3,965	272,447	-	-	272,447
		167,652	135,143	1,125	303,920	446,025	109,843	130,252	686,120
(ii) Grants in support of mission									
Church Commissioners' grants		-	407,499	-	407,499	-	318,970	-	318,970
WW1 memorial fund		-	-	-	-	-	200,000	-	200,000
Heritage Lottery Fund		-	170,125	-	170,125	-	-	-	-
Other revenue and capital grants		25,409	-	-	25,409	30,564	5,500	-	36,064
		25,409	577,624	-	603,033	30,564	524,470	-	555,034
(iii) Charges and fees arising in the course of mission									
Facility and other fees		62,177	-	-	62,177	49,628	2,083	-	51,711
Educational visits		-	3,950	-	3,950	-	-	-	-
		62,177	3,950	-	66,127	49,628	2,083	-	51,711

2 Income and endowments (continued)	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
(iv) Trading and fundraising activities									
Votive candles		4,853	-	-	4,853	4,230	-	-	4,230
Guidebooks		479	-	-	479	523	-	-	523
Friends of Blackburn Cathedral Music		-	22,232	-	22,232	-	32,802	-	32,802
Gross income of shop and refectory	6	30,679		-	30,679	16,243	-	-	16,243
Other income		-	-	-	-	20,560	-	-	20,560
		36,011	22,232	-	58,243	41,556	32,802	-	74,358
(v) Investments									
Income from investment property		30,952	-	-	30,952	30,893	-	-	30,893
Car park income		4,334	-	-	4,334	4,000	-	-	4,000
Income from other investments	5	8,807	6,933	2,798	18,538	14,949	5,608	16	20,573
		44,093	6,933	2,798	53,824	49,842	5,608	16	55,466
(vi) Other income									
Other income		4,622	53	-	4,675	-	-	-	-
		4,622	53	-	4,675	-	-	-	-
		339,964	745,935	3,923	1,089,822	617,615	674,806	130,268	1,422,689

3 **Expenditure on:**

	Note	Unrestricted funds £	Restricted funds £	Endowment funds £	2018 Total £	Unrestricted funds £	Restricted funds £	Endowment funds £	2017 Total £
(i) Raising funds									
Votive candles		1,219	-	-	1,219	199	-	-	199
Friends of Blackburn Cathedral Music		-	19,606	-	19,606	-	12,542	-	12,542
Drama group		616	-	-	616	-	-	-	-
Gross costs of shop and refectory	6	24,650	-	-	24,650	13,066	-	-	13,066
Costs of appeals and fundraising		-	4,500	-	4,500	-	4,489	-	4,489
Support costs	4	8,811	6,445	-	15,256	8,603	1,402	-	10,005
		35,296	30,551	-	65,847	21,868	18,433	-	40,301
(ii) Ministry									
Clergy stipends and working expenses		16,632	118,425	-	135,057	22,172	111,934	-	134,106
Clergy housing costs		-	5,005	-	5,005	1,079	-	-	1,079
Services, music and congregational costs		10,843	138,355	-	149,198	12,676	131,472	-	144,148
Support costs	4	65,128	47,643	-	112,771	79,320	12,923	-	92,243
		92,603	309,428	-	402,031	115,247	256,329	-	371,576
(iii) Cathedral and precincts upkeep									
Major repairs and restoration		8,529	187,306	-	195,835	-	213,995	-	213,995
Maintenance and interior upkeep		107,879	46,596	408	154,883	98,021	45,625	-	143,646
Cathedral insurance		31,047	-	-	31,047	33,481	-	-	33,481
Support costs	4	85,864	62,812	-	148,676	111,063	18,095	-	129,158
		233,319	296,714	408	530,441	242,565	277,715	-	520,280
(iv) Education and outreach									
Choir school costs		-	-	-	-	4,689	15,670	-	20,359
Education officer		-	13,139	-	13,139	-	14,864	-	14,864
Charitable and other giving		-	-	-	-	659	-	-	659
Support costs	4	2,958	2,164	-	5,122	10,189	1,660	-	11,849
		2,958	15,303	-	18,261	15,537	32,194	-	47,731

3 Expenditure on: (continued)

	Note	Unrestricted funds	Restricted funds	Endowment funds	2018 Total	Unrestricted funds	Restricted funds	Endowment funds	2017 Total
(v) Community, parish and congregation		£	£	£	£	£	£	£	£
Music Outreach project		-	58,532	-	58,532	-	52,786	-	52,786
Other costs		-	226	-	226	-	5,863	-	5,863
Support costs	4	13,230	9,678	-	22,908	16,654	2,713	-	19,367
		13,230	68,436	-	81,666	16,654	61,362	-	78,016
(vi) Other expenditure on mission									
Interest and similar charges payable		32,317	-	-	32,317	1,540	-	21,452	22,992
Support costs	4	7,275	5,323	-	12,598	6,529	1,064	-	7,593
		39,592	5,323	-	44,915	8,069	1,064	21,452	30,585
		416,998	725,755	408	1,143,161	419,940	647,097	21,452	1,088,489

4 Support costs

Support costs are allocated to expenditure as follows:

	Direct costs	2018 Support costs	Total	Direct costs	2017 Support costs	Total
	£	£	£	£	£	£
Raising funds	50,591	15,256	65,847	30,296	10,005	40,301
Ministry	289,260	112,771	402,031	279,333	92,243	371,576
Cathedral and precincts upkeep	381,765	148,676	530,441	391,122	129,158	520,280
Education and outreach	13,139	5,122	18,261	35,882	11,849	47,731
Community, parish and congregation	58,758	22,908	81,666	58,649	19,367	78,016
Other expenditure on mission	32,317	12,598	44,915	22,992	7,593	30,585
	825,830	317,331	1,143,161	818,274	270,215	1,088,489

The support costs are made up as follows:

		Unrestricted funds	Restricted funds	Endowment funds	2018 Total	Unrestricted funds	Restricted funds	Endowment funds	2017 Total
		£	£	£	£	£	£	£	£
Administration and finance	*	183,266	178	-	183,444	172,960	-	-	172,960
Personnel and training		-	133,887	-	133,887	59,398	37,857	-	97,255
		183,266	134,065	-	317,331	232,358	37,857	-	270,215

* Support costs includes irrecoverable VAT of £10,537 (2017: £12,463) arising from the partial exemption calculation. Irrecoverable VAT arising from the business/non-business banding calculation is not separately identifiable.

5 Investment income

	Equities	Fixed interest	Variable interest	2018 Total
	£	£	£	£
Dividends receivable	15,554	-	-	15,554
Interest receivable	-	-	192	192
Profit on disposal	2,792	-	-	2,792
	18,346	-	192	18,538

	Equities	Fixed interest	Variable interest	2017 Total
	£	£	£	£
Dividends receivable	20,528	-	-	20,528
Interest receivable	-	-	45	45
	20,528	-	45	20,573

6 Shop and refectory

	Shop	2018 Cathedral Catering	Total
	£	£	£
Gross income	17,533	3,562	21,095
	17,533	3,562	21,095
Opening stock	10,117	722	10,839
Purchases	8,346	1,394	9,740
	18,463	2,116	20,579
Closing stock	(6,524)	(625)	(7,149)
	11,939	1,491	13,430
Salaries	3,498	-	3,498
Gross costs	15,437	1,491	16,928
Net surplus	2,096	2,071	4,167

	Shop	2017 Cathedral Catering	Total
	£	£	£
Gross income	16,243	3,445	19,688
	16,243	3,445	19,688
Opening stock	8,629	1,032	9,661
Purchases	11,369	1,403	12,772
	19,998	2,435	22,433
Closing stock	(10,117)	(722)	(10,839)
	9,881	1,713	11,594
Salaries	3,185	-	3,185
Gross costs	13,066	1,713	14,779
Net surplus	3,177	1,732	4,909

7 Staff costs

The average number of paid employees during the year was as follows:	2018 Number	2017 Number
Clerical - full time	3	3
Lay - full time	9	9
Lay - part time	11	12
	23	24
Part time employees equivalent FTE's	5	6

	£	£
Salaries and stipends	363,378	356,559
Employer's national insurance	25,250	22,298
Employer's contributions to defined contribution pension schemes	10,078	9,618
Operating costs of defined benefit pension schemes	27,520	26,112
	426,226	414,587

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

The Church Commissioners funded £27,520 (2017: £26,112) of pension contributions for members of the Chapter. The Cathedral also contributed £10,078 (2017: £9,618) into money purchase pension arrangements for employees.

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:

	2018 £	2017 £
Stipends		
The Very Revd P Howell-Jones	36,033	29,223
Revd Canon A D Hindley	29,773	27,283
Revd Canon Dr R Pailing	17,582	21,802
	83,388	78,308
Employer's pension contributions		
The Very Revd P Howell-Jones	11,825	8,994
Revd Canon A D Hindley	9,460	9,334
Revd Canon Dr R Pailing	6,235	7,784
	27,520	26,112
Employer's national insurance	7,917	7,210
	118,825	111,630

In addition these members received reimbursed expenses of £5,681 (2017: £6,371).

9 Auditors' remuneration

	2018 £	2017 £
Audit	12,500	7,150
Non-audit services	16,067	9,373
	28,567	16,523

10 Investment Property

Consolidated and Chapter	Unrestricted funds £	Restricted funds £	Endowment Funds £	2018 Total £	2017 Total £
Valuation					
At 1 January 2018	-	-	865,000	865,000	430,000
Transfer from non investment property	-	-	-	-	435,000
At 31 December 2018	-	-	865,000	865,000	865,000

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 (see note 13).

The refectory element of the Cathedral Court development is subject to a 10 year lease to the catering provider. This component of

11 Investments

Consolidated and Chapter	Unrestricted funds £	Restricted funds £	Endowment Funds £	2018 Total £	2017 Total £
Market value at 1 January 2018	231,516	170,149	127,791	529,456	908,858
Additions	-	-	-	-	610,191
Transfers to non investment bank accounts	-	-	-	-	(1,004,467)
Disposals	-	-	(1,533)	(1,533)	-
Transfers between funds	8,668	(8,668)	-	-	-
Net (decrease)/increase on revaluation	(20,812)	(15,904)	(12,842)	(49,558)	14,874
Market value at 31 December 2018	219,372	145,577	113,416	478,365	529,456

	Unrestricted funds £	Restricted funds £	Endowment Funds £	2018 Total £	2017 Total £
St James Place - Unit trust funds	219,372	145,577	110,103	475,052	522,076
UK listed	-	-	3,313	3,313	7,380
	219,372	145,577	113,416	478,365	529,456

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 £25,950,000 (2017: £26,161,000).

13 Non investment property

Consolidated	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Net book value at 1 January 2018	-	-	2,669,000	2,669,000	3,359,000
Additions	-	-	14,051	14,051	(21,034)
Transfer to investment properties	-	-	-	-	(435,000)
Revaluation of properties	-	-	(14,051)	(14,051)	(233,966)
Net book value at 31 December 2018	-	-	2,669,000	2,669,000	2,669,000

Non investment freehold properties are held and used as follows:

	2018 Total £	2017 Total £
For cathedral activities	590,000	590,000
For clergy and staff housing	2,079,000	2,079,000
	2,669,000	2,669,000

Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Net book value at 1 January 2018	-	-	2,669,000	2,669,000	3,359,000
Transfer from Property in the course of	-	-	-	-	-
Additions	-	-	14,051	14,051	(20,034)
Transfer to investment properties	-	-	-	-	(435,000)
Revaluation of properties	-	-	(14,051)	(14,051)	(234,966)
Net book value at 31 December 2018	-	-	2,669,000	2,669,000	2,669,000

Non investment freehold properties are held and used as follows:

	2018 £	2017 £
Currently vacant	255,000	255,000
For cathedral activities	335,000	335,000
For clergy and staff housing	2,079,000	2,079,000
	2,669,000	2,669,000

During the year the development of the Cathedral Court project was completed (see note 24). 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, Chairman of the Fabric Advisory Committee at 31 December 2017 on an open market basis.

On completion of the project the existing cathedral offices (within Church House) were vacated and remain vacant. During the prior year the Diocese vacated the property and the Chapter are still considering the future use of the whole property for rental purposes. This property was also valued by Mr R Prest, 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 attributed to it.

14 Equipment and plant

Consolidated and Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Net book value at 1 January 2018	417,706	-	-	417,706	443,815
Additions	2,202	-	-	2,202	28,742
Depreciation for the year	(57,480)			(57,480)	(54,851)
Net book value at 31 December 2018	362,428	-	-	362,428	417,706
Cost	515,847	-	-	515,847	484,903
Depreciation	(153,419)	-	-	(153,419)	(41,088)
Net book value at 31 December 2018	362,428	-	-	362,428	443,815

15 Stocks

Consolidated	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Goods for sale in shop and catering	20,987	-	-	20,987	18,313
	20,987	-	-	20,987	18,313

Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Goods for sale in shop and catering	14,411	-	-	14,411	18,313
	14,411	-	-	14,411	18,313

16 Debtors

Consolidated	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Accounts receivable	29,678	10,375	-	40,053	51,584
Income tax refunds	1,873	-	-	1,873	13,434
Listed Places of Worship Scheme	803	-	-	803	54,509
Legacy	-	-	-	-	232,603
Prepayments	31,590	-	-	31,590	17,059
Other debtors	-	76,940	-	76,940	26,273
	63,944	87,315	-	151,259	395,462

Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Accounts receivable	22,949	10,375		33,324	51,584
Income tax refunds	1,873	-	-	1,873	13,434
Listed Places of Worship Scheme	803	-	-	803	54,509
Legacy	-	-	-	-	232,603
Prepayments	31,590	-	-	31,590	17,059
Other debtors	3,740	76,228	-	79,968	25,674
	60,955	86,603	-	147,558	394,863

17 Creditors

Consolidated	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Bank loan	-	-	-	-	175,268
Loans from Church Commissioners	-	-	-	-	91,797
Other Loans	-	-	-	-	150,000
Accounts payable	78,891	111,010	-	189,901	203,933
Tax and social security	4,775	-	16,399	21,174	62,508
Accruals and deferred income	38,635	162,765	-	201,400	190,571
	122,301	273,775	16,399	412,475	874,077

Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Bank loan	-	-	-	-	175,268
Loans from Church Commissioners	-	-	-	-	91,797
Other Loans	-	-	-	-	150,000
Accounts payable	66,441	6,900	-	73,341	97,633
Amounts due to Blackburn Cathedral Developments	-	-	222,900	222,900	212,225
Tax and social security	5,784	-	16,399	22,183	57,972
Accruals and deferred income	38,635	10,673	-	49,308	38,479
	110,860	17,573	239,299	367,732	823,374

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.

18 Creditors due after more than one year

Consolidated and Chapter	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2018 Total £	2017 Total £
Loans from Church Commissioners	-	-	91,797	91,797	-
Other loans	-	-	250,000	250,000	250,000
Loans from Diocesan Board of Finance	-	-	418,000	418,000	418,000
	-	-	759,797	759,797	668,000
Loan maturity analysis					
Within one year	-	-	-	-	417,065
Between one and two years	-	-	250,000	250,000	250,000
Between two and five years	-	-	509,797	509,797	-
In more than five years	-	-	-	-	418,000
	-	-	759,797	759,797	1,085,065

The other loan from another donor 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.

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.

19 Endowment funds

Consolidated	At 1 January 2018 £	Incoming Resources £	Outgoing Resources £	Investment Movement & Transfers £	At 31 December 2018 £
Property Funds					
- Property fund	2,341,005	3,923	(408)	(14,051)	2,330,469
- Clergy Houses fund	-				-
Property Maintenance Funds					
- H C Haworth fund	79,131	-	-	(5,965)	73,166
Choral Funds					
- The Chadwick Memorial fund	500	-	-	-	500
- Choristers' endowment fund	31,682	-	-	(2,907)	28,775
General Purposes Funds					
- St Paul's School fund	1,553	-	-	(135)	1,418
- General Purposes fund	29,927	-	-	(1,044)	28,883
	2,483,798	3,923	(408)	(24,102)	2,463,211

Chapter	At 1 January 2018 £	Incoming Resources £	Outgoing Resources £	Investment Movement & Transfers £	At 31 December 2018 £
Property Funds					
- Property fund	2,369,005	3,923	(408)	(14,051)	2,358,469
- Clergy Houses fund	-				-
Property Maintenance Funds					
- H C Haworth fund	79,131	-	-	(5,965)	73,166
Choral Funds					
- The Chadwick Memorial fund	500	-	-	-	500
- Choristers' endowment fund	31,682	-	-	(2,907)	28,775
General Purposes Funds					
- St Paul's School fund	1,553	-	-	(135)	1,418
- General Purposes fund	29,927	-	-	(1,044)	28,883
	2,511,798	3,923	(408)	(24,102)	2,491,211

20 Restricted funds

Consolidated & Chapter	At 1 January 2018	Incoming Resources	Outgoing Resources	Investment Movement & Transfers	At 31 December 2018
	£	£	£	£	£
Property Funds					
- Columbarium fund	1,733	4	(1,722)	(15)	-
- Millennium Organ fund	398	819	(1,155)	(62)	-
- 'The Journey' fund	6,429	-	-	-	6,429
- WW1 memorial fund	(13,995)	15,153	8,140	-	9,298
- Duchy of Lancaster	8,436	-	-	-	8,436
Property Maintenance Funds					
- Repair fund	120,482	4,442	(4,443)	(11,351)	109,130
- Building fund	1,926	320	(1,926)	-	320
- Heritage lottery fund	-	170,179	(191,181)	21,002	-
- Clergy house fund	32,803	-	-	-	32,803
Choral Funds					
- The Chadwick Memorial fund (income)	159	-	(112)	(47)	-
- J Smethurst fund	7,063	343	(3,513)	(3,893)	-
- Choral scholars fund	16,904	17,884	(21,489)	-	13,299
- Walmsley Legacy	4,500	-	-	-	4,500
General Funds					
- Altar fund	1,306	44	(1,230)	(120)	-
- Vestments fund	1,553	1,400	(1,400)	(204)	1,349
- FOBCM fund	15,715	20,637	(19,606)	-	16,746
- Music Outreach Project	39,098	84,482	(58,532)	(16,582)	48,466
- Thornber Music fund	61,184	1,140	(2,002)	(3,142)	57,180
- Blackburn Cathedral Trust Refurbishment fund	232	-	-	-	232
- Jackson legacy fund	5,558	140	-	(467)	5,231
- The Education Officer fund	2,976	16,949	(13,345)	-	6,580
- D Barker Memorial bench fund	1,120	-	-	-	1,120
- M Emery memorial fund	1,403	-	-	-	1,403
- Margaret Kay Gift	7,064	-	-	-	7,064
- Other restricted funds	1,000	411,999	(412,239)	-	760
Consolidated restricted funds	**325,047**	**745,935**	**(725,755)**	**(14,881)**	**330,346**

20 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.

21 Unrestricted funds

Consolidated	At 1 January 2018	Incoming Resources	Outgoing Resources	Investment Movement & Transfers	At 31 December 2018
	£	£	£	£	£
General funds	467,905	339,964	(359,518)	(21,835)	426,516
Designated funds:					
- Fixed asset funds	407,445	-	(57,480)	-	349,965
	875,350	339,964	(416,998)	(21,835)	776,481

Chapter	At 1 January 2018	Incoming Resources	Outgoing Resources	Investment Movement & Transfers	At 31 December 2018
	£	£	£	£	£
General funds	467,905	330,379	(348,057)	(21,835)	428,392
Designated funds:					
- Fixed asset funds	407,445	-	(57,480)	-	349,965
	875,350	330,379	(405,537)	(21,835)	778,357

22 Pension schemes

The Chapter also contributes to defined contribution stakeholder pension schemes for selected employees. The contributions for the year totalled £10,078 (2017: £9,618) and there were no contributions outstanding at the year end.

23 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 (2017: £nil) during the year, and had net assets of £nil (2017: £nil) at 31 December 2018. The accounts of the company include income from the Cathedral of £14,451 (2017: £1,457). Included within creditors on the Chapter's own balance sheet is £222,900 (2017: £212,225) owed to Blackburn Cathedral Developments.

Blackburn Cathedral Enterprises Limited is a company limited by shares and is controlled by the Chapter. The results and balance sheet of the company are consolidated in these accounts. The company made a deficit of £1,875 (2017: £nil) during the year, and had net liabilities of £1,875 (2017: £nil) at 31 December 2018. The accounts of the company include income from the Cathedral of £6,688 (2017: £nil). Included within debtors on the Chapter's own balance sheet is £3,739 (2017: £nil) owed from Blackburn Cathedral Enterprises Limited.

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		
	2018	2017	2016	2018	2017	2016
	£	£	£	£	£	£
Gross income	5,985	17,527	93,901	90,961	126,239	90,464
Legacy donations	136,000	-	-	-	-	-
Net income before payments to Cathedral	138,916	10,215	15,411	67,666	121,938	77,975
Paid to Cathedral	1,714	11,235	280	79,230	50,898	103,202
Gross assets	166,184	32,834	30,002	110,329	120,814	73,021
Net assets	166,184	28,982	30,002	104,536	118,321	49,992
Amounts owed (to)/from Blackburn Cathedral Chapter	-	1,074	-	(5,524)	(585)	22,775

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 2017. The examiner found no matters to which they wished to draw attention. The 2018 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 £4,616 (2017: £9,698) from a company connected to a director during the year of Blackburn Cathedral Developments.

24 Financial Commitments

The Cathedral Court construction project was completed in May 2016. During the course of the development the Chapter has secured funding of £6.45m from a mixture of generous donations and grants, in addition they 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. The Chapter is currently in dispute with a professional advisor involved in the project. There continues to be ongoing uncertainty over the quantum, if any, and timing of settlement.
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.