

Manchester Cathedral Development Trust

Annual Report and Financial Statements

Year Ended

31 December 2018

Manchester Cathedral Development Trust

Annual report and financial statements
for the year ended 31 December 2018

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Manchester Cathedral Development Trust

Annual report and financial statements
for the year ended 31 December 2018

Legal and administrative information

Contact Address

Manchester Cathedral Development Trust
Cathedral Street
Manchester
M3 1SX

Telephone 0161-833-2220

Legal Status

The charity was formed as a Trust under a Trust Deed dated 2 December 1991. It is a Registered Charity (1008295).

Trustees

Lay Trustees:

Mr W. Smith JP, Lord Lieutenant for Greater Manchester – Chair
Mr P. Deakin
Mr J.P. Wainwright MA FRICS

Capitular Trustees:

The Dean of Manchester The Very Reverend R.M. Govender
The Reverend Canon D.A. Holgate
The Reverend Canon M.Z. Wall

Auditors

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Bankers

Royal Bank of Scotland plc
St Ann Street
Manchester
M60 2SS

Manchester Cathedral Development Trust

Trustees' report for the year ended 31 December 2018

The Trustees present their annual report and the audited financial statements for the year ended 31 December 2018.

Structure, governance and management

The charity was formed as a Trust under a Trust Deed dated 2 December 1991. It is a Registered Charity (1008295).

Trustees who served during the year were as listed on page 1. There is provision for five Capitular Trustees being ex-officio trustees consisting of the Dean and four residentiary Canons of Manchester Cathedral together with four Lay Trustees. The Lay Trustees are appointed for a term of three years but may be reappointed. Trustees are recruited by a variety of methods including recommendations from existing Trustees. Each individual who has been recommended is then interviewed by the Chairman and other Trustees as appropriate and then elected by the Trustees. New Trustees are provided with an induction pack and are given regular presentations on the business of the charity at the Trustee meetings. The Trustees elect a lay chairman from their number, the Vice chair being the Dean of Manchester. Trustee meetings should be held twice a year and the quorum for a meeting is five trustees consisting of not less than three Capitular Trustees.

A Finance Committee which has been established with its main terms of reference being to:

- Review and monitor the accounting processes;
- Oversee preparation of the financial accounts.

The Trustees are responsible for setting the strategic direction of the charity.

Risk Management

The trustees have performed a review of the risks that we believe could seriously affect the charity's performance, future prospects, reputation or its ability to deliver against its priorities. This development of our risk process has resulted in the inclusion of liquidity as a principal risk. The approval of grants to the Cathedral, our major cash outflow, is closely monitored with regular forecasts of cash requirements and regular management accounts that are reviewed by the trustees.

Objectives and activities

The Trust is a registered charity whose objects are:-

The improvement, enhancement and major refurbishment of Manchester Cathedral, its fabric and grounds and any other land owned by or leased to the Trust, and the provision of new facilities and equipment of general benefit to Manchester Cathedral and the community served by Manchester Cathedral.

The carrying out and/or provision of financial assistance for the carrying out of new works or new additions to Manchester Cathedral including (but without prejudicing the generality of the foregoing) substantial works of decoration and restoration and renovation work which shall, in the reasonable opinion of the Trustees (and after consultation with the Cathedral Architect for the time being) be considered to be works which do not constitute part of the normal and routine costs of running Manchester Cathedral.

The assisting of the Dean and Canons in such other purposes and objects which the Dean and Canons wish to carry out and which the trustees consider to be encompassed within the foregoing objects.

The trustees have had due regard to the Charity commission guidance on public benefit.

Governing Documentation Restriction

In raising income for the Charity the Trustees shall observe the following restriction:

They shall not undertake any permanent trading activities in raising funds for the charitable objects as detailed above.

Manchester Cathedral Development Trust

Trustees' report
for the year ended 31 December 2018

Achievements and performance

Fundraising Progress

The Trustees are currently working with the director of fundraising to develop the next phase of the Development Plan. During 2018 a major exercise was undertaken examining use of space in the Cathedral including a number of workshops being held with various stakeholders. This project was funded by a Resilient Heritage Grant from the National Heritage Lottery Fund and the results will lead to outline concepts for improvements to the Cathedral fabric. Following this there will be a clear direction for fundraising.

Phase 2 of the lighting project is being developed together with the refurbishment of the Library.

Externally, there are a number of memorials being planned as part of the development of the public realm with particular reference to Victoria Street.

Financial Review

Total income for the year amounted to £26,658 compared to £520,951 in 2017. Grants totalling £87,477 were made to the Cathedral in the year towards the cost of the new lighting project and staff costs of the development project. Net expenditure for the year amounted to £68,434 (2017 Net expenditure £722,120). At 31 December 2018 restricted funds amounted to £49,802 and unrestricted funds amounted to £8,951. The Cathedral requests grants from the charity as the work progresses on the various projects. Currently, the next phase of the development project is being developed and a fundraising strategy will be

Reserves Policy

The Charity has attracted funding for specific purposes over the years including the new organ, new lighting and new liturgical furniture. The majority of these projects have now been completed and the grants have been paid to the Cathedral. A number of new sources of donations are being established particularly for the final phase of the new lighting, thus reducing the overall financial risk to the Charity.

There is no requirement to hold free reserves. At 31 December 2018 total reserves amounted to £58,753 (2017 £127,187) of which £49,802 (2017 £91,305) are restricted.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as "voluntary income" and includes legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees. The charity is not bound by any undertaking to be bound by any regulatory scheme.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have to particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Manchester Cathedral Development Trust

Trustees' report
for the year ended 31 December 2018

Audit information

All of the current trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next meeting of the trustees.

Approved and signed on behalf of the Trustees



D.A. Holgate

Manchester Cathedral Development Trust

Statement of responsibilities of the Trustees for the year ended 31 December 2018

Statement of responsibilities of the Trustees

The Trustees are responsible for preparing the Annual report, Trustees' report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Manchester Cathedral Development Trust

Report of the independent auditors
Year ended 31 December 2018

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF MANCHESTER CATHEDRAL DEVELOPMENT TRUST

Opinion

We have audited the financial statements of Manchester Cathedral Development Trust ("the Charity") for the year ended 31st December 2018, which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31st December 2018 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements 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 related 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees Report, other than the financial statements and our auditor's report thereon. The other information comprises the trustees report. The Trustees 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.

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

Manchester Cathedral Development Trust

Report of the independent auditors
Year ended 31 December 2018

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF MANCHESTER CATHEDRAL DEVELOPMENT TRUST

(CONTINUED)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept by the Charity; or
- the charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Manchester Cathedral Development Trust

Report of the independent auditors
Year ended 31 December 2018

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF MANCHESTER CATHEDRAL DEVELOPMENT TRUST

(CONTINUED)

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustees 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 Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

BDO W

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham

24 October 2019

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Manchester Cathedral Development Trust

Statement of financial activities for the year ended 31 December 2018

	Notes	Restricted funds £	Un-restricted funds £	2018 Total £	Restricted funds £	Un-restricted funds £	2017 Total £
Income from:	2						
Donations		13,497	13,063	26,560	505,898	12,148	518,046
Income from investments		-	98	98	-	2,905	2,905
Total income		13,497	13,161	26,658	505,898	15,053	520,951
Expenditure on:							
Raising funds		-	-	-	-	670	670
Charitable activities	3	55,000	40,092	95,092	1,155,154	101,286	1,256,440
Total expenditure		55,000	40,092	95,092	1,155,154	101,956	1,257,110
Net expenditure before gains on investments		(41,503)	(26,931)	(68,434)	(649,256)	(86,903)	(736,159)
Net gains on investments		-	-	-	-	14,039	14,039
Net expenditure		(41,503)	(26,931)	(68,434)	(649,256)	(72,864)	(722,120)
Reconciliation of funds:							
Transfers between funds		-	-	-	345,353	(345,353)	-
Net movement in funds		(41,503)	(26,931)	(68,434)	(303,903)	(418,217)	(722,120)
Funds brought forward		91,305	35,882	127,187	395,208	454,099	849,307
Funds carried forward		49,802	8,951	58,753	91,305	35,882	127,187

All activities derive from continuing operations. All recognised gains and losses are included in the statement of financial activities. The notes on pages 10 to 16 form part of these financial statements.

Manchester Cathedral Development Trust

Statement of Cash Flows for the year ended 31 December 2018

	Notes	2018 Total Funds £	2017 Total Funds £
Net cash used in operating activities	12	(126,661)	(613,739)
Cash flows from investing activities:		98	2,905
Interest and dividends		-	751,013
Proceeds from the sale of investments		98	753,918
Net cash provided by investing activities		(126,563)	140,179
Change in cash and cash equivalents in the year		188,927	48,748
Cash and cash equivalents brought forward		62,364	188,927
Cash and cash equivalents carried forward		<u>62,364</u>	<u>188,927</u>

Manchester Cathedral Development Trust

Notes forming part of the financial statements for the year ended 31 December 2018

1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities SORP (FRS 102)" effective January 2018, applicable UK Accounting Standards and the Charities Act 2011. As a result of this change there has been no overall impact on the net assets of the Charity but there has been a change in the disclosure of certain items. The particular accounting policies adopted by the Trustees are described below.

Investments

Investments are shown in the balance sheet at market value.

Fund Accounting

Unrestricted general funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are funds to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations are recognised in the statement of financial activities when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be met.

Legacy gifts are recognised on a case by case basis following the grant of probate when the executor of the estate has communicated in writing the amount of the legacy, that there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are within the control of the charity or have been met.

Investment income is included when receivable.

Direct Charitable Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured or estimated reliably. All expenditure is accounted for on an accruals basis.

Costs of raising funds comprise the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services to Manchester Cathedral and the community served by Manchester Cathedral. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them including governance costs.

Taxation

The trust is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the trust is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

Manchester Cathedral Development Trust

Notes forming part of the financial statements
for the year ended 31 December 2018 *Continued*

2. Income	Restricted funds £	Un- restricted funds £	2018 Total £	2017 Total £
Income				
Donations and legacies	13,489	12,073	25,562	516,981
Tax recoverable under Gift Aid	8	990	998	1,065
	13,497	13,063	26,560	518,046
Income from investments				
Interest receivable on short term deposits	-	98	98	1,028
Dividends on investments	-	-	-	1,877
	-	98	98	2,905
Total income	13,497	13,161	26,658	520,951
3. Charitable expenditure				
	Restricted funds £	Unrestricted funds £	2018 Total £	2017 Total £
Grants				
Manchester Cathedral:				
Organ project	-	-	-	363,000
Lighting	55,000	-	55,000	545,000
Sound	-	-	-	100,000
West End Development	-	-	-	52,000
New Furniture	-	-	-	140,000
Other projects	-	-	-	-
Staffing costs	-	32,477	32,477	48,348
Support costs	-	7,615	7,615	8,092
	55,000	40,092	95,092	1,256,440
	55,000	40,092	95,092	1,256,440
4. Support costs				
			2018 Total £	2017 Total £
Support costs include:				
Finance costs			3,812	4,172
Governance costs – audit fee			3,572	3,575
Other costs			231	345
			7,615	8,092
			7,615	8,092

Manchester Cathedral Development Trust

Notes forming part of the financial statements
for the year ended 31 December 2018 *Continued*

4. Support Costs (continued)

Support costs including governance costs are charged to charitable expenditure and allocated between restricted and unrestricted funds based on the income for the fund in that year. The total support costs for the year amounted to £7,615 (2017: £8,092) and include postage, stationery, printing, professional fees, sundry expenses and audit fees.

5. Information regarding Trustees

No Trustees, or person related or connected by business to them, have received any remuneration or had expenses reimbursed from the Charity during the year. The Charity does not have any employees.

6. Investments	2018 £	2017 £
Market value at 1 January 2018	-	736,974
Additions at cost	-	-
Disposals at market value	-	(736,974)
Change in capital float	-	-
Revaluation adjustment	-	-
	-	-
Market value at 31 December 2018	-	-
7. Debtors and prepayments	2018 £	2017 £
Gift aid recoverable	1,048	5,738
	1,048	5,738
8. Creditors: amounts falling due within one year	2018 £	2017 £
Manchester Cathedral	-	54,410
Accruals and deferred income	4,659	13,068
	4,659	67,478
	4,659	67,478

Manchester Cathedral Development Trust

Notes forming part of the financial statements
for the year ended 31 December 2018 *Continued*

9. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total funds £
Fund balances at 31 December 2018 as represented by:			
Net current assets	49,802	8,951	58,753
	<u>49,802</u>	<u>8,951</u>	<u>58,753</u>
Fund balances at 31 December 2017 as represented by:			
Net current assets	91,305	35,882	127,187
	<u>91,305</u>	<u>35,882</u>	<u>127,187</u>

10. Restricted Funds - 2018

	Brought forward £	Income £	Expenditure £	Transfer £	Carried forward £
New organ fund	36,305	10,200	-	-	46,505
Lighting improvement fund	55,000	1,242	(55,000)	-	1,242
Fabric fund	-	2,055	-	-	2,055
	<u>91,305</u>	<u>13,497</u>	<u>(55,000)</u>	<u>-</u>	<u>49,802</u>

Restricted Funds - 2017

New organ fund	318,196	123,371	(365,262)	(40,000)	36,305
Lighting improvement fund	35,763	379,370	(548,396)	188,263	55,000
Fabric fund	41,249	3,157	(241,496)	197,090	-
	<u>395,208</u>	<u>505,898</u>	<u>(1,155,154)</u>	<u>345,353</u>	<u>91,305</u>

Manchester Cathedral Development Trust

Notes forming part of the financial statements
for the year ended 31 December 2018 *Continued*

11. Unrestricted Funds	Brought forward £	Income £	Expenditure £	Gains £	Transfers £	Carried forward £
Unrestricted Funds 2018	35,882	13,161	(40,092)	-	-	8,951
Unrestricted Funds 2017	454,099	15,053	(101,956)	14,039	(345,353)	35,882

12. Cash flow

Reconciliation of net income to net cash used in operating activities:	2018 £	2017 £
Net movement in funds as per the statement of financial activities	(68,434)	(722,120)
Adjustments for:		
Gains on investments	-	(14,039)
Deduct interest and dividend income shown in investing activities	(98)	(2,905)
Decrease/(increase) in debtors	4,690	67,684
Increase/(decrease) in creditors	(62,819)	57,641
Net cash used in operating activities	(126,661)	(613,739)

13. Related Party

The Capitular Trustees are members of the Chapter of Manchester Cathedral which received grants in the year amounting to £87,477 (2017 £1,248,348) as set out in note 3 on page 12.

At 31 December 2018 £Nil was owed to Manchester Cathedral (2017 £54,410).