

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

Company Registration No. 02869292 (England and Wales)

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

Company Information

Principal Address and Registered Office	Southwark Cathedral London Bridge London SE1 9DA
Company Secretary	M J Knight
Directors	B A Lane The Very Revd A P Nunn A Cameron R J G Holman Canon M G Rawson
Company Registered Number	02869292
Independent Auditors	Kingston Smith LLP Chartered Accountants Devonshire House 60 Goswell Road London EC1M 7AD

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SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

Directors' Report for the year ended 31 December 2018

The directors present their report and financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activity of the company throughout the year is the operation of various trading enterprises connected with Southwark Cathedral including the Cathedral Shop, the Conference Centre, the Refectory and the use of the Cathedral (except for services) and its various facilities. The company makes a charitable donation to the Cathedral of the whole of its taxable profit, which for 2018 amounted to £358,643 (2017 - £284,416).

Directors

The following directors have held office during the year ended 31 December 2017 and post year end up to the date of approval of the financial statements:

B A Lane
The Very Revd A P Nunn
A Cameron
R J G Holman
A J McCall (resigned 3 July 2018)
Canon M G Rawson

At the AGM on 1st May 2018, Andrew Nunn and Michael Rawson retired and were both re-appointed for a further term of three years. Andrew McCall resigned as a director on 3rd July 2018. New directors are regularly sought through an open recruitment process in order to ensure effective succession planning and the regular renewal of Board membership which is considered important for the continued success of the company.

Auditors

A resolution to re-appoint Kingston Smith LLP as auditors in accordance with section 487(2) of the Companies Act 2006 will be put to the members at the forthcoming Annual General Meeting.

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

Directors' Report for the year ended 31st December 2018

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board


.....
MJ Knight
Secretary

12 March 2019

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Southwark Cathedral Enterprises Limited for the year ended 31st December 2018 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 annual report, other than the financial statements and our auditor's report thereon. The directors 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 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

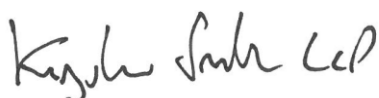
the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Andrew Stickland (Senior Statutory Auditor)

For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 12 March 2019

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31st December 2018

	Note	2018 £	2017 £
Turnover		791,166	708,151
		<u>(139,644)</u>	<u>(123,147)</u>
Gross Profit		651,522	585,004
Administrative expenses		<u>(284,941)</u>	<u>(278,272)</u>
Operating Profit before taxation	2	366,581	306,732
Tax on profit on ordinary activities	3	<u>-</u>	<u>-</u>
Profit for the Year	8	<u><u>366,581</u></u>	<u><u>306,732</u></u>

STATEMENT OF CHANGES IN EQUITY

	2018 £	2017 £
Shareholders' fund brought forward	150,061	127,745
Profit for the year	366,581	306,732
Charitable distribution to parent undertaking	<u>(358,643)</u>	<u>(284,416)</u>
Shareholders' fund carried forward	<u><u>157,999</u></u>	<u><u>150,061</u></u>

All operations are continuing.

There are no recognised gains or losses for the year other than those detailed above.

The accompanying notes form an integral part of these financial statements.

In the Statement of Changes in Equity above, the charitable distribution to parent undertaking for 2018 of £358,643 includes £43,644 from 2017 transferred after the year end.

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED
BALANCE SHEET
as at 31st December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed Assets					
Plant and Machinery	4		-		2,139
Current Assets					
Stocks		32,026		34,635	
Debtors	5	99,217		109,141	
Cash at bank and in hand		188,087		159,642	
		<u>319,330</u>		<u>303,418</u>	
Creditors: Amounts falling due within one year					
	6	<u>(161,331)</u>		<u>(155,496)</u>	
Net Current Assets			157,999		147,922
Total assets less current liabilities			<u>157,999</u>		<u>150,061</u>
Capital and Reserves					
Called up share capital	7		100,000		100,000
Profit and loss account	8		57,999		50,061
Shareholders' Funds - Equity Interests			<u>157,999</u>		<u>150,061</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 12 March 2019 and are signed on its behalf by:


.....
A Cameron
Director

Company Registration Number: 02869292

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2018

I Accounting Policies

Company Information

Southwark Cathedral Enterprises Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Southwark Cathedral, London Bridge, London, SE1 9DA.

Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Turnover

Turnover represents cash received and amounts invoiced net of value added tax, in respect of the sale of goods and the provision of services.

Tangible fixed assets and depreciation

Expenditure on capital projects costing £10,000 or more is stated in the balance sheet at cost less depreciation. Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% straight line
Fixtures, fittings & equipment	25%, 20% and 10% straight line

Stocks

Stock of goods for resale is stated at the lower of cost and net realisable value on a 'first in first out' basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost

using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Operating profit

	2018	2017
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	<u>2,139</u>	<u>2,141</u>
Auditors' remuneration - audit services	4,250	4,750
- non - audit services	<u>1,050</u>	<u>1,410</u>
	<u>5,300</u>	<u>6,160</u>

3 Taxation

There is no liability to current or deferred taxation as the company makes a Gift Aid donation to its parent undertaking of the whole of its taxable profit.

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2018	90,417
Disposals	(64,728)
	<hr/>
At 31 December 2018	25,689
Depreciation	
At 1 January 2018	88,278
Charge for the year	2,139
Disposals	(64,728)
	<hr/>
At 31 December 2018	25,689
Net book value	
At 31 December 2018	-
	<hr/> <hr/>
At 31 December 2017	2,139
	<hr/> <hr/>

5 Debtors

	2018	2017
	£	£
Trade debtors	95,551	106,038
Other debtors	3,666	3,103
	<hr/>	<hr/>
	99,217	109,141
	<hr/> <hr/>	<hr/> <hr/>

6 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	20,075	8,451
Amounts owed to group undertakings and undertakings in which the company has a participating interest	51,255	30,784
Taxation and social security	31,868	37,484
Deferred income	48,516	71,624
Accruals	9,617	7,153
	<hr/>	<hr/>
	161,331	155,496
	<hr/> <hr/>	<hr/> <hr/>

7 Share capital

	2018	2017
	£	£
Authorised		
100,000 Ordinary Shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100,000 Ordinary Shares of £1 each	100,000	100,000
	<u> </u>	<u> </u>

8 Statement of movements on profit and loss account

	2018	2017
	£	£
Balance as at 1 January 2018	50,061	27,745
Profit for the year	366,581	306,732
Charitable distribution to parent undertaking	(358,643)	(284,416)
	<u> </u>	<u> </u>
Balance as at 31 December 2018	57,999	50,061
	<u> </u>	<u> </u>

9 Control

The ultimate parent undertaking is the Dean and Chapter of the Cathedral and Collegiate Church of St Saviour and St Mary Overie, Southwark.

A copy of the consolidated financial statements can be obtained from Southwark Cathedral, London Bridge, London SE1 9DA.

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings applicable to smaller entities regarding disclosure of related party transactions within the same group.

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

MANAGEMENT INFORMATION

**FOR THE YEAR ENDED
31st DECEMBER 2018**

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018		2017	
	£	£	£	£
Turnover				
Shop sales and lettings income		791,166		708,151
Cost of sales				
Purchases	114,362		99,941	
Direct Costs	25,282		23,206	
		<u>(139,644)</u>		<u>(123,147)</u>
Gross profit		651,522		585,004
Administrative expenses		(284,941)		(278,272)
		<u>366,581</u>		<u>306,732</u>
Operating profit				
Gift aid distribution		(358,643)		(284,416)
		<u>7,938</u>		<u>22,316</u>
Net Movement in Reserve		<u><u>7,938</u></u>		<u><u>22,316</u></u>

SOUTHWARK CATHEDRAL ENTERPRISES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31ST DECEMBER 2018

	2018	2017
	£	£
Administrative expenses		
Wages and salaries	223,530	217,757
Staff training	259	274
Rates	9,029	6,436
Insurance	4,730	5,317
Repairs and maintenance	21,857	15,031
Security costs	35	13,306
Printing, postage and stationery	11	116
Advertising	8,156	5,114
Computer running costs	2,406	2,580
Legal and professional fees	2,000	-
Non audit remuneration paid to auditors	-	460
Audit and taxation fees	5,614	5,700
Credit card charges	3,791	2,883
Sundry expense	1,384	1,157
Depreciation	2,139	2,141
	<u>284,941</u>	<u>278,272</u>