

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2019

**The Cathedral and Collegiate Church of St Saviour and
St Mary Overie, Southwark**

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The Chapter's Annual Report

The Cathedral's Mission and Review of the Year

Mission Statement

Our mission statement, adopted by the Chapter, states:

Southwark Cathedral

an inclusive Christian community
growing in orthodox faith and radical love.

The marks of our community are

- confidence in God and the Gospel
- passion for those on the edge of society
- engagement in vibrant theology and teaching
- prayerful service of our Bishop and Diocese
- love for London and the world

Our rule of life is centred on a commitment to

- worship
- study
- service

and above all

- to the Living God we know in Jesus Christ

Review of the past year

During 2018, the Cathedral Chapter launched its Masterplan which set out the priorities and aspirations for the Cathedral's ministry in the next five years. This document has been the subject of discussion at every Chapter meeting during the past year with regular reports on progress on our four main areas: our core congregation, engagement with other communities, our Bishop and Diocese and our distinctive voice. Significant progress has also been made on the supporting plans for our worship and liturgy, our buildings, our commercial activities, our staff, our Learning Centre and our communications.

2018 also saw the completion of a self-evaluation exercise carried out under the chairmanship of Jennie Page, the Chair of the Cathedral Council. This has led to a number of improvements in our practices and procedures and some necessary revision to our governance, all of which puts us in a good place to implement the requirements of the new Cathedrals Measure (which drew on the recommendations of the Cathedrals Working Group) currently going through the approval process at the General Synod.

Many of the priorities that we set out for 2018-19 Masterplan reflect the spirit of the Working Group and self-evaluation and provide a framework in which we can measure our progress.

In the 2018 Annual Report the Chapter listed its priorities for the year ahead as follows:

- make further progress in implementing improved access across the Cathedral site with step-free access at the west end of Lancelot's Link and to the Harvard Chapel;
- carry out the "Big Shift" exercise during the summer to make better use of our spaces;
- appoint a commercial director to head up our commercial activities
- begin work on our list of actions that arise from the new Masterplan.

The Access Group, led by the Sub Dean, completed their Access Plan for the Cathedral which was a necessary precursor to detailed survey and planning work by the Cathedral Architect to start to solve the access issues inside the Cathedral and, in particular, the Harvard Chapel. In 2019, a detailed access report was commissioned from David Bonnet Associates and funded by City Bridge Trust. This document, set

alongside the Access Plan, means that we are now ready to make a formal application to the Cathedrals Fabric Commission for England for permission to make the first set of changes to our access arrangements. Once permission has been obtained, we should be able to move quickly to get the work done as we have a funding strategy in place.

We were very fortunate to receive a gift-aided donation of £150,000 from a member of the congregation in 2018. This was designated by the Chapter for a project we called "The Big Shift" which was completed in the summer of 2019. The idea was to address space issues around the Cathedral by changing the usage of different areas and optimising the use of space. The project involved moving the Learning Centre to the basement of Montague Chambers and the Song School into what was the former Education Centre, providing a larger space for rehearsals and dedicated toilets which meets a key safeguarding requirement. Finally, the vacated space where the Song School used to be has become a new clergy vestry (allowing for more spacious storage for our vestments which were previously squashed into inadequate cupboards) and a useful room for our internal meetings. The project involved a large number of staff, a lot of patience and perseverance but we were fortunate to have Fullers Builders as our main contractor. They completed the work to a very high standard and were very considerate to the rest of Cathedral life happening around them while they were on site. All the work was finished by September 2019 but we have plans for new furniture for the Song School and a restoration of the Steinway Grand Piano used for choir practices when further funds have been raised.

It was a busy summer as, at the same time as the "Big Shift" works were taking place, our catering partner, LEAFI, arrived on 1st August at the start of a five-year contract. Customers will instantly have noticed the redecorated Café space (formerly known as the Refectory) and a very different menu. We are looking forward to working with LEAFI in the coming years as they provide catering for our full range of special events and conferences as well as for the general public and the congregation.

Our new brand identity has been steadily rolling out during the course of the year. We received a donation of £10,000 to pay for an additional part-time member of staff so that our designer, Evelin Arweck, could be freed up to implement the new branding in all our online and written communications, orders of service, publicity and signage.

Another of our objectives for the year ahead was the appointment of a new Commercial Director to lead our income-generating activities. Emma Allen was appointed to this new role and she joined the team at the beginning of September. More details of our staffing changes are set out on page 22.

During the past year we have been preparing for the safeguarding audit which took place in February 2020 and was conducted by the Social Care Institute for Excellence, the organisation commissioned by the Church of England to audit the safeguarding practices of all Cathedrals and Dioceses. A working party was set up to ensure that our policies and procedures were up to date and that we had robust reporting mechanisms in place through which to raise concerns. Nearly 100 people received safeguarding training during the year as part of an ongoing plan to train every volunteer and paid member of staff. A part-time Safeguarding Administrator was employed to handle the bookings for training courses and initiate DBS checks where required. The published report of our audit is due out in April 2020.

In June 2019, we marked the second anniversary of the London Bridge terrorist attack on 3rd June 2017 with a commemoration service never imagining that we would be witnessing a second terrorist incident on Friday 29th November just across the river at Fishmongers Hall. This happened while the Cathedral site was busy with people attending the Friends' Christmas Fair and necessitated a lockdown involving over 100 people. Praise must go to the staff on duty at the time, especially Rob Biden, the verger, Jon Dollin and Tony Aarons in the Shop, and Emma Allen, the Commercial Director who took control of the situation so swiftly and professionally. For a site as open as ours, security is always a challenge and we keep our emergency procedures under constant review at the weekly Senior Management Team meetings.

The period covered by this report officially ends on 31st December 2019. However, it would be impossible not to mention now the effect that the global coronavirus pandemic has had on the Cathedral between that date and the final approval of this annual report and accounts in May 2020.

Following the government announcement on Monday 16th March that the population should reduce unnecessary journeys and work from home if possible, all Cathedral staff were encouraged to work

remotely from home where possible and all volunteers were stood down from their normal duties and asked not to come to the Cathedral unless strictly necessary. Initially, the building remained open for private prayer and services were streamed live on Facebook with the clergy and choir observing strict distancing. With the further government restrictions put in place on Monday 23rd March, the Cathedral site was completely closed, all staff told to stay at home and all worship on site ceased. Services instead were streamed live from the Deanery. Meanwhile, arrangements were made to take advantage of the government's Coronavirus Job Retention Scheme whereby more than half of our employees, who could not work from home (such as those in retail, visitor services and facilities management), could be placed on furlough leave pending the lifting of movement restrictions. The scheme involves the government paying 80% of the salary costs of furloughed employees, capped at £2,500 per employee, while the Cathedral continues to pay the remaining 20%. This, together with other forms of government financial assistance, including grants for small retail and hospitality businesses and business rate holidays were quickly acted upon to secure the financial position of the Cathedral. As of the date of this report's signing, 13th May 2020, the situation regarding the lockdown remains unchanged.

Before the current emergency situation, the Chapter had identified its priorities as for the year ahead as follows:

- to obtain the necessary statutory permissions to enable works to improve access across the Cathedral site (including a new passenger lift and step-free access to the Harvard Chapel) to be carried out;
- do the necessary legal and preparatory work prior to seeking registration with the Charity Commission and draw up a new Constitution and Statutes for the Cathedral in advance of the 2023 deadline required under the forthcoming Cathedrals Measure;
- Appoint a new Canon Precentor and Succentor;
- Start making preparations for the Cathedral to be a zero carbon church by 2030 in response to the 2020 General Synod resolution;
- Take action to implement the recommendations of the February 2020 Safeguarding Audit and continue our efforts to be a Safe Church for all;
- Review our risk register regularly, paying particular attention to the constantly evolving security situation in central London;
- Continue working through our list of actions that arise from the new Masterplan (a copy of which can be obtained from the Cathedral Office).

The ability to deliver many of these objectives will depend heavily on how quickly the national lockdown is lifted and the Cathedral re-opens. To this list must also now be added:

- Develop a recovery plan to reinstate our income streams as soon as the Cathedral re-opens, particularly focusing on our voluntary income and commercial activities and encouraging visitors to return;
- Make the fullest possible use of any government financial assistance packages that are available during the coronavirus pandemic;
- Learning from the lockdown experience about how we can continue to engage with a dispersed worshipping community through live streaming of services after the Cathedral re-opens;
- Considering how the use of virtual meetings and working from home for staff can improve the efficiency of our operation, reduce pressures of space in Montague Chambers and save money on our day-to-day activities.

Cathedral worship and congregational life

At the heart of Cathedral life are the Offices and Eucharists. The daily services play a significant role in providing opportunities to worship for visitors, local residents, office workers, and regular members of the Sunday congregation.

The table below gives the pattern of regular Services held in the Cathedral together with their average attendances. These attendance levels have remained largely unchanged since 2018 with the notable exception of the 11.00am Choral Eucharist on Sundays which has seen a 20% drop in average attendance when compared to last year. There has been a small increase in the average attendance at the 9.00am Eucharist on Sundays.

Sunday Services	Average attendance
8.45am Morning Prayer	2
9.00am Eucharist	36
11.00am Choral Eucharist	272
3.00pm Choral Evensong	98
6.00pm '6.00 at Southwark' *	30
Weekday Services	
8.00am Morning Prayer	5
8.15am Eucharist	6
12.30pm Midday Prayer	6
12.45pm Eucharist	12
5.30pm Choral Evensong (or Evening Prayer when the choir is on holiday)	55
Saturday Services	
9.00am Morning Prayer	5
9.15am Eucharist	5
4.00pm Choral Evensong (sung by a Visiting Choir) or Evening Prayer	50

* The Sunday evening service takes a different format each Sunday. The service on the first Sunday is a Traditional Rite Choral Eucharist; on the second, a Service of Light; on the third, a Service of Wholeness and Healing; and on the fourth, Compline and Eucharistic Devotions. When there is a fifth Sunday in a month, there is a service of Compline. These "6.00 at Southwark" services continue to attract four distinct and stable congregations.

The Cathedral serves as a parish church for the constantly changing neighbourhoods along Bankside from the edge of Tate Modern to the west as far as Hay's Galleria to the east. The parish reaches south from the Thames to Union Street (with a small deviation to include the Cathedral School and the All Hallows site). The parish also includes Borough Market, Guy's Hospital, Shakespeare's Globe, London Bridge Station and The Shard. Our parish is the home of the only livery hall south of the River, Glaziers' Hall, and the Dean continues to be Chaplain to the Worshipful Company of Launderers. He is Chaplain to the City Hall branch of the Royal British Legion and supports the Christian Fellowship at News UK, whilst developing a similar relationship with Ernst & Young and the LGBTI network at Norton Rose Fulbright. The population of the parish continues to grow and change rapidly, bringing with it many challenges and opportunities.

During the year, the size of the Cathedral's regular congregation has remained declined somewhat. As a Parish Church Cathedral, we have an Electoral Roll which is compiled in accordance with the Church Representation Rules. At the Annual Parochial Church Meeting in April 2019, following a complete revision of the electoral roll, the total membership stood at 362. Between then and the end of the year a further 41 names had been added to the roll bringing the total to 403 in December 2019.

People living in the parish are welcomed into the Cathedral as their parish church for baptisms, weddings and funerals. We actively seek to help our local community to respond to and benefit from its changing environment and participate in discussions with Southwark Council for local improvement initiatives. We work closely with the Living Bankside and we are a partner in the Better Bankside Business Improvement District as well as fostering links with local businesses, including Borough Market.

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey which is under the pastoral care of the Sub Dean, assisted by the Revd David Adamson whose ministry is shared by St George the Martyr, St Hugh's and the Cathedral.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) with the Sub Dean and several members of the congregation serving as governors. Heather Smith continues her very valuable ministry as a Southwark Pastoral Auxiliary in the parish and local community and Caroline Clifford serves as a Reader at the Cathedral, co-leading the Pilgrim course which prepares people for confirmation. The Cathedral congregation provides a large team of volunteers through the winter for the ROBES ecumenical project which provides shelter for homeless people.

The sudden death of Marion Marples was a great shock to us all. She helped the Cathedral relate to the wider community through her work with Living Bankside and many other community organisations in the parish. She was becoming a champion for our work towards becoming an Eco-Church and her passion for Christian unity and the importance of pilgrimage guided much of what we have been doing. She had recently been awarded the Freedom of the Borough and was rightly recognised for who and what she was. May she rest in peace.

Parents and toddlers enjoy using the crèche facilities and the number of children attending Junior Xpress 1 and 2 continues to increase. Weekly sessions are led by an enthusiastic group of leaders and helpers supported by The Revd Lisa Bewick. A group for 11-18 year olds, Youth Express, meets fortnightly.

Other opportunities for congregational learning include learning workshops for Admission to Holy Communion and the Interest & Action Groups which offer opportunities for involvement in a wide range of activities.

Our Mothers' Union branch, the Unity Group (which fosters overseas links and our partnership with St George's Roman Catholic Cathedral and St Olav's Norwegian Church, Rotherhithe) and our Masvingo Group (who look after our links with the Diocese of Masvingo in Zimbabwe through the exchange of prayer and information and financial help) whose membership is drawn from the Cathedral congregation all continued their important work.

The Cathedral contributes financially to the local, national and international community by giving 10% of the money raised through the planned giving scheme each year to a variety of charities. In 2019 the sum donated was £27,690 (£28,144 in 2018). The task of determining a list of recommendations is entrusted to the Mission Allocations Group, who present their proposals to the Chapter for endorsement. The Group puts a notice into the weekly notice sheet each year inviting written expressions of interest from the congregation in charities that the Cathedral should support.

Allocations are made only to charities with a UK Registered Charity Number, and because of the difficulty of getting money safely overseas, we generally work through UK-based charities with reliable delivery mechanisms overseas. A proportion (10%) is always kept aside in case of a shortfall in raising our annual £10,000 commitment to support the Diocese of Masvingo, and to enable a quick response to emergency appeals.

The charities that received funds in 2019 were as follows:

USPG, The Manna Society, Church Army, XLP, Lalgadh Leprosy Hospital, Nepal, African Prison Project, Ascension Trust, Ecochurch and the Jobila Trust who all received equal shares of the available funds – £2,769. Subsequent to the allocation being made, it was discovered that there existed a sum of money still unallocated from the period 2007 – 2015, amounting to £7,014. The Mission Allocation Group, therefore, divided the sum into three equal parts and the Society of St Francis, Hospice Africa Uganda and Power The Fight each received £2,338.

The Cathedral, in common with all parishes in the Diocese, is asked to contribute to the Diocesan Parish Support Fund out of which are met the costs of clergy stipends, housing, and training as well as the central support costs for the Diocesan Office. The Cathedral made a pledge of £34,000 in 2019 (the same level as in 2018) to this fund.

Our fundraising activity

The Chapter is always aware of the need to generate sufficient income to enable us to continue our work as a house of prayer, a centre of mission and as a part of the Christian heritage of South London and we engage in fundraising activity to support its ongoing mission and ministry. The majority of our voluntary donations come from members of our congregation or wider circle of support. The annual stewardship campaign which asks members of the Electoral Roll and regular worshippers prayerfully to consider their level of giving to the Cathedral is the only fundraising campaign that we carry out on a regular basis. As part of our commitment to fundraising best-practice, we treat all donations as confidential and do not assume that donors who give once will wish to do so again. We respect the right of regular givers to cease doing so

without explanation and we do not exert undue pressure on regular worshippers to donate. We have a complaints policy that sets out the process by which those who are unhappy with anything we have done can use to raise concerns. More detail on our sources of voluntary income is given on page 13 and in note 2 of the accounts on page 38.

Our ongoing fundraising campaign, which is channelled through the Development Trust (a separate charity), to endow the Cathedral's music, undertake major works to the organ, carry out a large amount of repair work on the Cathedral church, and fund new social mission work in the parish and local area is now in its ninth year. In recent years, a large part of the Development Office's efforts have been focussed on applications to the various government-funded grants schemes. There being no such grant scheme in operation during 2019, the Trust's fundraising efforts were focussed on securing targeted amounts of money for the Chapter's smaller fabric projects in the Cathedral (such as a new organ camera system and repairs to the parish door) while also developing a long-term strategy for encouraging legacy giving and planning for the large-scale fundraising for the potentially multi-phase access improvements project.

The Trust raised £37,293 in 2019 (included in "Income from Friends and local trusts" in Note 2 of the accounts on page 38) of which £8,744 was for fabric works, £490 for additional works following the re-hanging of the bells in 2016, and £16,279 for music. The Trust continued to enjoy valuable support from the Sanderson Foundation which made a grant of £10,000 to support the cost of the Development Office including the salary costs of our Fundraiser, Tom Poole, who continues to work with the Fundraising Panel on a number of projects as well as mapping out a strategy for fundraising in the coming years.

We are also fortunate to have the support of the Friends of Southwark Cathedral who organise a number of regular events such as the Quiz Night, the Advent Tea and Carol Service, the Christmas Market and the Christmas Soirée at the Deanery. All these events enable them to raise valuable funds for the Cathedral as well as the opportunity they provide for fellowship. As a regular annual commitment monies were given for: flowers in the Cathedral for Easter Day and Christmas; the distribution of bags of Easter Eggs on Easter Sunday; the end-of-year Choir Tea and telephone support for the stewardship database. In addition this year the Friends financed £4,612 for new choir cassocks and £1,189 towards the cost of the farewell events for the former Director of Music, Peter Wright.

Our fundraising activities have continued during the current coronavirus pandemic and subsequent closure of the Cathedral. Tom Poole is continuing to work from home on a range of grant applications and we moved quickly to promote ways of giving to the Cathedral via our website and Facebook page with direct appeals for giving at the end of the live streaming of the Sunday service. We recognise the importance of remaining engaged with our regular donors and also speaking honestly about our need for financial support to those who come to us by virtual means, many perhaps for the first time.

Our public benefit

Although the Cathedral falls outside Charities Act legislation and is therefore not regulated by the Charity Commission, the Chapter has due regard to the public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral not only serves the local community daily in its religious and charitable work, but it is an active resource in the promotion of religion, music, history, heritage and archaeology. This annual report describes the activities that deliver these core public benefits.

Risk Management

With an organisation as complex as the Cathedral, and relying heavily on voluntary and trading income, we are exposed to a number of risks. The Chapter is ultimately responsible for regularly reviewing and assessing the risks faced by the Cathedral in all areas of its work, and for ensuring effective and adequate risk management and that internal controls are in place to manage our risk exposure appropriately. The Chapter recognises that any risk management system can only manage risks and not eliminate them and can provide only reasonable, and not absolute, assurance against loss.

The Chapter adopts a balanced and broad approach to risk, recognising it is often appropriate to take risk in the right circumstances in pursuit of the Cathedral's vision. In doing so the Chapter recognises the inherent uncertainty in relation to the external environment and how events beyond our control can have a huge impact on our life. The level of risk taken at any point is determined by the Chapter's ongoing judgement as to what is appropriate in the circumstances, having taken into account all relevant information available. The Chapter is supported in this assessment of risk by the Senior Management Team (who manage the day-to-day business of the Cathedral) and by the Finance Committee who pay particular attention to the financial risks but also take an interest in the overall risk profile of the Cathedral's activities. The Chapter can also draw on a variety of sources of external expertise including our legal advisers, our auditors, our insurers, and specialist advisers employed by the Diocese (particularly with regard to safeguarding, human resources, communications and IT) which enable options to be tested and risk-assessed before decisions are made.

The Chapter encourages staff at all levels to see management of risk as a key operational responsibility. We support a working culture of openness and honesty so that mistakes, adverse events and uncertainties are quickly identified and reported to the relevant senior member of staff. We expect all our staff to take appropriate responsibility for ensuring effective and proportionate risk identification is in place within their areas of responsibility.

Risk reporting and monitoring

Reporting mechanisms are in place so that the Chapter is kept up-to-date with key risks. This is done by a series of regular reports to Chapter through the cycle of agenda topics. In the light of the recent recommendations from the Cathedrals Working Group and self-evaluation exercise carried out during the previous year, the Chapter instructed that a complete review of the risk registers be completed during 2019. The Senior Management Team and Finance Committee played, and will continue to play, an important part in subjecting the risk register to regular review and testing.

Project risks

Activities or initiatives that might present a high degree of potential risk or uncertainty are brought to the Chapter's attention either by the Senior Management Team or the Finance Committee. Project managers are responsible for identifying the key project risks and for reporting these in a timely way through the appropriate reporting lines.

Financial risks

Controls are in place to ensure that the Cathedral's financial activities are properly managed. These include budgetary control, account reconciliation, authority levels, reserves management and monitoring of the Cathedral's investment strategy. Quarterly management accounts are reviewed by the Finance Committee and a financial summary with key performance indicators and the current cashflow position is presented to each Chapter meeting.

Prior to the coronavirus pandemic, the Chapter considered the major financial risks affecting the future of the Cathedral to be funding and reliance on key members of staff. The Cathedral has always been dependent on being able to trade its way through periods of financial difficulty and there are only limited reserves to cushion the Cathedral should any large-scale unexpected expenditure occur. Successful and profitable trading by Southwark Cathedral Enterprises Ltd has always been an essential part of that; the Cathedral is susceptible to any change in circumstances which affects income-earning potential. With the national lockdown from March 2020, and the subsequent closure of the Cathedral site, the financial stability of the Cathedral is being tested as never before. Our commercial activities ceased with the site closure and our single most important income stream dried up overnight. We are fortunate that many other sources of income have, so far, been unaffected, and the size of our cash reserves mean that we will not need to seek outside financial assistance even if the current lockdown were to last for six months. Nevertheless, once the Cathedral re-opens, all efforts will need to be focussed on rebuilding our business activity and generating surpluses to replenish our depleted reserves. For more details see the Financial Review section below.

Property risks

The Chapter's responsibility for a complex Grade-I listed historic building and its neighbouring modern additions presents a significant risk both in terms of unexpected major events, such as fire or flood, as well as the high level of maintenance required to keep the buildings water-tight and to ensure they provide a safe environment for those who use and visit them. Our insurance cover is sufficient to deal with major incidents that might make the buildings unusable for a significant period of time and our regular quinquennial inspections carried out by the Cathedral Architect enable the Chapter to plan major repair projects. The Fundraising Office and the Development Trust work closely with the Cathedral Architect to raise the necessary funds to carry out works identified in the quinquennial inspection.

The Chapter's property portfolio of residential accommodation requires considerable maintenance work due to the age and size of the buildings. The Chapter is aware of the need to review the portfolio and consider ways in which staff and tenants can be accommodated in more suitable accommodation attracting lower running costs and has delegated this work to the Estates Committee.

Operation risks

The Cathedral is committed to working practices and approaches that help ensure consistent risk management across the organisation. Senior staff play a key role in keeping risk management at the heart of our day-to-day activities. The Senior Management Team oversees risk assessment and management of our daily operations and activities, especially those brought to us by external organisations such as our special events. The Health and Safety Panel meets weekly to review and update our risk assessments and ensure our policies and compliance are up to date. A comprehensive health and safety action plan is in place and this is reviewed annually by the Health and Safety Panel before being presented to the Chapter for approval. The Cathedral's insurance cover is reviewed annually and as circumstances change. Insurance cover is currently provided by Ecclesiastical Insurance who conduct comprehensive surveys of the Cathedral precincts and our residential properties. Recent requirements arising out of the survey of our residential accommodation highlighted a number of actions that needed to be taken to comply with latest legislation and these have now been completed. The Chapter has a zero-tolerance approach to non-compliance with applicable laws and regulations.

As a small organisation, where each member of staff has a unique and necessary role, the Cathedral is dependent on staff continuity; the sudden loss of a senior member of the clergy or lay staff could be difficult to manage and might require buying in expensive skills to cover a shortage.

Safeguarding risks

Safeguarding policies and procedures are in place for children, young people and vulnerable adults and these are kept under review and meet the Church of England's national policy and practice guidance. The Chapter confirms that it has complied with the duty of the Church of England Safeguarding and Clergy Discipline Measure 2016 to have due regard to policy and guidance issued by the House of Bishops on matters relating to safeguarding. We have four Cathedral Safeguarding Officers (one of whom is the Comptroller and one newly appointed in 2019 to increase the amount of in-house training we can undertake) and we receive considerable support and advice from the Diocesan Safeguarding Team.

Any potential gaps in good practice identified by the parish safeguarding officers or any member of staff or the Cathedral community are reported to the Chapter. Advice from the Diocesan Safeguarding Team led to the appointment of choir chaperones to assist the music department staff with the care and supervision of children in the choirs before, during and after rehearsals and services.

Recruitment procedures follow the Church of England's guidance on safer recruitment and all paid and volunteer staff who work with children are subject to Disclosure and Barring Checks prior to appointment and complete a confidential declaration. These are renewed every five years.

During 2019, we have been preparing for an audit of the Cathedral's safeguarding practices and procedures as part of the national audit of all English Cathedrals being carried out by the Social Care Institute for Excellence. This took place at the end of February 2020.

In 2019 our in-house team delivered eight C1 (Foundation level) safeguarding training courses. Five of these were for mixed groups and attended by 60 people. In addition, three courses were run for specific groups:

lay clerks (7 attended), bellringers (21 attended) and broderers (7 attended). In January and February 2020 four further Foundation module courses have been delivered attended by a total of 85 people including a course run specifically for the volunteers at the ROBES Winter Night Shelter.

To support the planning and administration of training sessions and Disclosure and Barring Checks a new part-time Safeguarding Administrator was appointed in September 2019.

Financial Review

The financial situation

The financial position of the Cathedral is under continual discussion and review by the Chapter, the Finance Committee and the Board of Southwark Cathedral Enterprises Limited. Our operating surplus or deficit position on our unrestricted funds is one of the key measures of the Cathedral's underlying financial performance. The day-to-day operations of the Cathedral in recent years have generated a surplus of income over expenditure which has allowed us to build up reserves that provide a contingency fund against unexpected future events and also provide for investment to support the work of the Cathedral. In 2019, the Chapter was able, for instance, to undertake a full refurbishment of 52 Bankside for the new Director of Music, Ian Keatley. No significant works had been carried out at the property for more than 20 years.

The Chapter has always been acutely aware of the need to continue to build up, and maintain, our cash reserves to provide the necessary level of financial security to allow for unexpected events and unplanned major works to our property portfolio. With this in mind, it is the policy of the Chapter to set balanced budgets and maintain close scrutiny of income and expenditure through regular financial reporting and review of our financial position to the Finance Committee and at every Chapter meeting. The Chapter originally passed a budget for 2020 with a comfortable surplus on normal activities. However, the coronavirus pandemic and the effect that has had on national life, not least in shutting down the Cathedral from mid-March onwards, will make a profound difference to our financial position by the end of the year. Our commercial activities ceased on 23rd March and with it the income we derive from conferences, special events, our visitors and retail. We are fortunate that many other income streams are currently unaffected including grants from the Church Commissioners, some of our income from property rentals and many of the grants we habitually receive from local trusts. We are confident that much of the income we receive through planned giving from the congregation will continue at least initially and this will become our single most important source of financial support during these unprecedented times. We are actively taking advantage of government support through the Coronavirus Job Retention Scheme that has allowed us to place more than half of our staff on furlough leave during the Cathedral closure and receive a grant to cover 80% of their salary costs and we are also expecting help directed via the local authority in the form of business rates relief and grants for small retail and hospitality businesses. With the Cathedral site closed, we will make savings on our usual office costs and our utilities. These measures, together with the additional support from the Church Commissioners, who have brought forward their regular grants for clergy expenses and lay staff salaries will help with cashflow management. The reserves built up in recent years should ensure that we remain financially viable even after a prolonged shutdown.

Turning now to the period covered by the financial statements contained in this report, January to December 2019, there was a decrease in unrestricted funds of £60,878 (before investment gains) compared with an increase of £157,146 in 2018 (see the Consolidated Statement of Financial Activities on page 29 and note 15 of the accounts on page 48). The difference is largely due to the fact that we received a donation of £187,500 from a member of the congregation in 2018 which the Chapter decided to designate for the "Big Shift" project (see page 3) which was then subsequently spent during 2019. The underlying performance excluding these funded investments was an increase in our unrestricted funds in a year when the Chapter had faced a deficit budget. Another very good year for Southwark Cathedral Enterprises, whose net profits for the year were up £109,396 on budget, made a significant contribution to this result. There were disappointing results from the stewardship campaign again in 2019, leading to lower than expected growth in congregational giving. In addition, there were higher than anticipated property costs including the further repair work on the passenger lift in the Millennium Buildings, new dumb waiters for the Café and the refurbishment of 52 Bankside. Much of the plant and equipment in the Millennium Buildings is reaching the end of its useful life and changes to legislation and the limitations imposed on us by the Care of Cathedrals Measure often mean that repair works take longer and are more costly than if we were refurbishing modern office accommodation.

Most of our expenditure is on our staff costs and more details can be found in “Our People” on page 22. An increase of 1.9% in 2019 in the London Living Wage rate that we apply as the minimum for our paid staff was lower than in previous years where it had outstripped the prevailing inflation rate and led to pay rises in excess of those budgeted. These increases mean some adjustment of salaries for other staff in order to maintain differentials. The Chapter is very happy to implement the London Living Wage for all its employees responding to an appeal by the congregation. However, the above-inflation rises in recent years (especially in our facilities and retail and visitor services departments) needs to be balanced by increases in our income. We hope that the congregation will consider this when reviewing their levels of giving.

Ensuring our income is used wisely for the mission and ministry of the Cathedral has been the subject of much discussion in the Finance Committee and action has been taken to introduce a more rigorous expenditure approval regime to ensure all departments work within their budgets. We have introduced budgeting on a rolling three-year basis instead of one year at a time. This, combined with a professional survey of all our residential properties and the Millennium Buildings (which are outside the scope of the Cathedral Architect’s Quinquennial Inspection), has enabled us to budget for property expenditure on a planned basis across a three-year time-frame and take decisions about preventative maintenance that will reduce costs in the long term. The Chapter also appointed a new Commercial Director, Emma Allen, (see “Our People” on page 22) who started in September 2019 and is exploring new sources of income, maximising occupancy of our conference rooms, and working with our new catering partner to drive an increase in income from our visitors. By taking these steps, the Finance Committee and Chapter believe that it will be possible to continue our objective of delivering surpluses each year as part of the Cathedral’s mission.

Five-year financial trends

Below is a chart showing the five-year financial trends which shows that the Cathedral achieved surpluses in all of the past five years (when investment gains were taken into account) and this illustrates the progress that has been made in building up our financial reserves since 2015. Figures for income and expenditure combine all unrestricted, restricted and endowment elements together.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Income					
Donations and legacies	813	1,264	1,152	837	918
Grants in support of mission	221	273	210	244	218
Charges and fees	235	274	257	230	245
Trading and fundraising	823	791	708	671	709
Investments	176	147	197	144	148
Total income	2,268	2,749	2,524	2,126	2,238
Expenditure on:					
Raising funds	586	633	565	586	561
Ministry	652	643	684	608	621
Cathedral and precincts upkeep	721	1,007	1,013	684	806
Education and outreach	144	173	189	156	153
Community, parish, congregation	86	88	87	73	44
Other expenditure	4	4	3	3	7
Total expenditure	2,193	2,548	2,541	2,110	2,192
Net income before investment gains	75	201	(17)	16	46
Net gains on investments	116	132	41	50	6
Net movement in funds	191	333	24	66	52
Funds					
Unrestricted Funds	1,218	1,230	897	933	956
Restricted Funds	178	114	78	(161)	(166)
Endowment Funds	16,378	16,239	16,274	16,453	16,369
Total Funds	17,774	17,583	17,249	17,225	17,159

Income

Total consolidated income for 2019 was £2.268 million compared with £2.749 million in 2018. The Cathedral's total income year on year is inherently variable as it depends on the aggregate amount of legacies, specific donations, fundraising income and grant funding for major projects in any one year.

Donations and legacies

Donations and legacies lie at the heart of the Cathedral's income through the generosity of our congregation and our donors, both individuals and organisations.

Congregational giving and collections produced £377,570 in 2019 compared with £367,030 in 2018 which was below expectations. For the second year running, the annual stewardship campaign, (Season of Gifts) during the year produced a very small response from the congregation and we are continuing to explore alternative ways to engage our regular worshippers with our planned giving scheme. A significant proportion of this sum is tax recovered under gift-aided donations which accounted for £74,043 across all forms of giving in 2018 (£107,293 in 2018).

We did not receive any legacies in 2019 and only £5,000 in 2018. This compares very poorly with legacy income received by other Cathedrals and we are aware that we have some urgent work to do on encouraging people to consider remembering the Cathedral in their wills.

Donations and gifts totalled £161,315. This was much lower than in 2018 when we received £364,535 but this included a gift-aided donation of £150,000 from a member of the congregation which the Chapter designated for the “Big Shift” project. We also received £200,305 from the local trusts, including £8,170 from the Cathedral Friends and £46,184 from the Development Trust (principally for Cathedral music). A further £76,542 was received from the Trustees of the Rectory of St Saviour, Southwark who decided to wind up the charity which has, in the past, made grants to the Cathedral for the installation of the new heating system in the former Education Centre (now the Song School) and new boilers. Following the winding up of the charity, its assets were donated to the Cathedral to be added to the Property Endowment Fund, the income from which will be used to pay for Cathedral maintenance.

Grants in support of mission

The Church Commissioners made a grant of £203,679 (2018: £203,751) including £69,527 (2018: £72,033) as a contribution to the costs of funding the salaries of Cathedral staff (vergers, organists and office staff) who assist in the provision of the Cathedral’s worship. A further grant of £134,152 (2018: £131,718) covers the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Precentor. We also received a grant of £8,744 (2018: £nil) from the Cathedrals Sustainability Fund towards the salary of the new Commercial Director.

Charges and fees

Income from charges and fees decreased in 2019 to £235,062 compared to £274,152 in 2018. This income is derived from fees for special services, weddings, memorial services and funerals and from charges recoverable from organisers of services and events for musicians and administration. December provides significant income in the form of charges for use of the Cathedral for the very large number of carol services brought to us by schools, charities and other organisations.

Trading income

Southwark Cathedral Enterprises Ltd is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, conferences, events and concerts using the Cathedral’s premises, the catering contract, and visitor-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 29 and detailed in note 5 to the accounts on page 42. In 2019 the gross income was £823,367, up from £791,166 in 2018 and the company made a gift-aided donation of £431,623 compared to £358,643 in 2018. The company profit was £383,002 compared with £366,581 in 2018.

Income from our trading activities built on the good results from 2018 with turnover increasing by 4% year-on-year. The appointment of the new Commercial Director, Emma Allen, from September 2019 has provided additional management resource and expertise to drive significant growth in future years and we are already seeing the results come through with better than expected income from our conference and events business. The sales team, led by Rose Harding, worked hard to secure a range of new clients for our conference rooms as well as continuing to attract our regular repeat business. Special events business had another very successful year with a number of high-profile events bringing in income of £212,227 compared with £152,663 in 2018 while conferences brought in a further £284,375 (compared to £321,475 in 2018, but 25% of that was attributable to a one-off block booking from News UK). Overall, conferences and events delivered £274,137 in profit (on a turnover of £496,002) compared to £259,310 in 2018 (on a turnover of £474,138).

Although the principal role of the Cathedral Church is to be a place of Christian worship, we are a popular venue for performing arts, and we host a large number of concerts by amateur music groups, informal recitals by visiting choirs and professional productions by choirs, theatre companies and orchestras such as The City of London Sinfonia and London Concertante who have become regular bookers. Our special events provide a vital source of income for the Cathedral although they can have a significant impact on the rest of our life. As usual in December we hosted a wide range of schools and organisations holding their

carol service and concerts with over forty events in the diary between Advent Sunday and Christmas Day. These not only bring in valuable income but also a large number of people who might not otherwise visit the Cathedral and are therefore an important mission activity.

Our visitor numbers decreased by just under 4% to 181,000 compared with those of the year before. This followed a steep increase in 2018 following the drop in 2017 after the terrorist attack on 3rd June. This variation in visitor numbers continues to have an impact on our shop and visitor income, and on footfall in the Café and it is for this reason that the Commercial Director is leading a group of staff in a project to explore ways to improve our visitor experience and attract higher numbers of people who are walking along the Bankside tourist route to visit us. This project aims to complete its work during 2020.

The shop delivered a profit of £6,875 in 2019 (£6,699 in 2018). Shop turnover is closely linked to visitor numbers and the drop in turnover (from £199,079 in 2018 to £187,016 in 2019) can be directly attributed to the fall in visitor numbers during the year. Merchandise connected with Doorkins (the Cathedral Cat) continued to sell very well helped by the first Doorkins calendar.

In August 2019, our new catering partner, LEAFI, took over the catering operations on site from Elixir at the end of their 10-year contract following a competitive tendering process. The Refectory was re-branded as the Café and, as part of an injection of capital investment at the start of the contract, the premises were redecorated while a smaller counter and servery area freed up space to increase the interior seating capacity. £85,516 was delivered by the catering partners in the form of concession rent (based on a percentage of public and event catering sales) which was 4.8% higher than in 2018 (£81,437).

Income from our tourist-related activity increased for the second year running. This is due partly to continued healthy sales of our visitor leaflet at the welcome desk in Lancelot's Link but also to the new initiatives from the visitor services team including the very popular series of heritage talks, photography evenings and events that focus on the history of the local area. Traditional tour-group income also continues to be an important part of our offering to visitors. The profit generated from tourist activity was £41,171 (compared with £27,901 in 2018).

Investments

Four of the flats in our residential properties are let to tenants while All Hallows Hall and the top floor of Montague Chambers are let to businesses. We also receive rental payments from Boro Bistro from the land that we own between the Herb Garden at the east end of the Cathedral and London Bridge. Income from property was £149,261 in 2019 (including a large one-off payment from a licence to place scaffolding on the part of Montague Close owned by the Cathedral for the refurbishment of the adjacent Bridge House) compared to £123,540 in 2018. Our let property costs in 2019 were £17,782 (2018: £44,404) which reflects the age and condition of our current property portfolio.

Income from our investments amounted to £26,288 of which the majority was in the form of restricted income from the Choirs Endowment Fund from which income is applied to the running costs of the Cathedral choirs.

Expenditure

Total consolidated expenditure for 2019 was £2.193 million compared with £2.548 million in 2018. The Cathedral's total expenditure, like our income, is similarly variable as it depends on the extent of expenditure on major projects in any one year.

Cost of raising funds

The cost of raising funds in 2019 was £586,220 compared with £632,699 in 2018. The largest component in this is £440,365 expended on commercial activities including staff costs, purchases for the Cathedral shop and other overheads. Another significant proportion comes from the cost of facilities for visitors which includes the cost of welcome desk staff and the Visitors' Officer and an allocation of shared administrative support costs.

Ministry

Expenditure on ministry was £652,220 in 2019 (2018: £642,678) and comprises the cost of clergy stipends and pensions, clergy and lay staff housing (vergers and musicians), the Cathedral's choirs and the costs of

our liturgy and worship. This is a large area of expenditure but this is to be expected in a Cathedral that offers thirty-five acts of worship each week including at least six with a full choir. The figure also includes collections that are taken on behalf of external charities and subsequently paid away.

Cathedral and precincts upkeep

Major repairs and restoration work form a large part of the £720,694 spent on Cathedral and precincts upkeep in 2019 (2018: £1,007,007). The total value of major works to the Cathedral in 2019 amounted to £32,215. This was much lower than in previous years, including 2018 when £346,480 was spent, as recent major works to repair the roofs and masonry of the Cathedral have been completed.

The other significant element in this category is the day-to-day maintenance of the Cathedral Church and its precincts. The staff of five vergers and the Facilities Team care for the Cathedral precincts and supervise maintenance and repair work carried out by contractors. The cost of this area of the Cathedral's activity was £688,479 compared with £660,526 in 2018. This included installation of two new dumb waiters for the Café to coincide with the new catering contract (the previous contractor had been managing with one dumb waiter as the other had not functioned for many years) and refurbishment of 52 Bankside for the new Director of Music, the first major works carried out in the house for more than twenty years.

Education and outreach

Education and outreach accounted for £144,235 (2018: £173,367) the majority of which relates to collections taken at special services held at the Cathedral that are subsequently paid away to external charities. Also included in this figure is the Cathedral's own charitable giving which allocates 10% of stewardship income to be distributed to a number of charities. The recipients in 2019 are listed under "Cathedral worship and parish life" on page 5.

The work of the Learning Centre is funded and managed by the Southwark Cathedral Education Trust but the Cathedral makes a donation towards the running costs of £20,000 each year. In 2019, the Education Officer, The Revd Lisa Bewick, further extended her work with the Junior and Youth Express groups in response to the Cathedral's masterplan priorities. Other education work includes the congregational discipleship courses on Sundays and the Lent and Advent groups.

Congregation, parish and community

A total of £86,407 was incurred during the year relating to parish activity (2018: £88,561). This includes spending across a wide range of parish activities including hospitality, parish events and our contribution to the Diocese through the Parish Support Fund (£34,000).

Support costs

Support costs relating to administration, governance and support staff are allocated to relevant expenditure categories. Support costs totalled £264,247 in 2019 (2018: £292,010).

Investments

The value of the Cathedral's investments, managed by Investec, (excluding the property at All Hallows Hall valued at £925,000) amounted to £761,727 at the end of the year (2018: £695,364). There was a net increase on revaluation (including an increase of £50,000 on the property at All Hallows Hall) of £116,363 while £66,363 was added to our investments during the year.

Under the terms of 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 Ltd;
- investments in which the trustees may invest under the general power of investment in the Trustee Act 2000;
- the improvement 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.

Investment objectives

The Chapter's overall investment objective for its long-term funds is to maintain a balanced portfolio of investments to deliver long-term capital growth and growing income to support ongoing operational expenditure, particularly in the case of the Choirs Endowment Fund, to support the running cost of the Cathedral choirs. This means holding investments that grow capital values above real terms over the long-term and produce sustainable growth in investment income year on year.

In 2015, it was decided to move the investments forming the Choirs Endowment Fund and Property Endowment Fund to Investec Wealth & Investment where they would be actively managed to provide any balance of capital growth and income generation. In 2019, the investments held with Investec showed a total return of 15.2% against a benchmark increase for the year of 13.8%. Although much of this increase in value was making up for the decrease experienced in 2018 in uncertain market conditions, this was a positive result. Regular meetings are held between Investec and nominated members of the Finance Committee (in an advisory capacity) to discuss the balance of the portfolio between different asset classes and agree changes in that balance to reflect the current economic conditions.

All of our investments are invested in accordance with the Trustee Act 2000. The Cathedral's investment policy is to maximise the return (taking capital and income together) while investing within the ethical guidelines adopted by the Church Commissioners. Investec make investment decisions based on the Cathedral's investment policy.

Reserves

The Cathedral's total unrestricted funds stand at £1,218,542 at the end of the year compared to £1,229,420 at the end of 2018. Of these funds £198,208 (2018: £306,037) represent free reserves comprising the General Fund. The remainder consists of £1,020,334 (2018: £923,383) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage in 2014.

Determining the level of free reserves the Cathedral needs to hold is an important part of the Chapter's financial management and forward financial planning. Reserve levels that are too high may tie up money unnecessarily and limit the amount of spend on charitable activities thereby reducing the potential benefit that the Cathedral can provide. Reserve levels that are too low not only impact on the Cathedral's long-term solvency, but also leave us in difficulty facing day-to-day expenditure commitments.

The Chapter's aim is to build up its funds, including its reserves, to levels sufficient to address the Cathedral's long-term sustainability and need to maintain and preserve the Cathedral's fabric and heritage. This means establishing sufficient funds to develop and grow the mission and ministry of the Cathedral in the future alongside retaining sufficient readily accessible reserves to meet the financial liabilities inherent in running and maintaining an historic Cathedral and its precincts. With this in mind, the Chapter has a long-term aim of building up free reserves equal to six months' operational expenses or £870,000 (based on the average unrestricted expenditure incurred during the last three years). We are still some way off this target, the Chapter remains committed to increasing income and controlling expenditure as a means of achieving this. A five-year budget forecast prepared for the Chapter in 2019 envisaged increasing surpluses being generated on our normal activities especially following the appointment of the new Commercial Director whose remit is to drive commercial income. The coronavirus pandemic will, however, mean that these longer-term forecasts need to be re-considered in the light of the potential effect on our cash reserves of a prolonged shutdown of the Cathedral site. Early indications suggest that the Cathedral will remain a going concern with sufficient reserves to maintain normal day-to-day activities even if the lockdown were to last for six months. The challenges at that point will be to vigorously work to rebuild our commercial income streams once the site re-opens, actively pursue fundraising from every available source, and take advantage of any government and local authority support for small business that becomes available. We had expected to reach our target for reserves within five years. The coronavirus pandemic will inevitably mean this takes longer than planned. How long will depend on how long the shutdown continues.

Structure, Governance and Management

Governing Statutes

Southwark Cathedral is an ecclesiastical corporation established for charitable purposes. Ecclesiastical corporations presently fall outside the Charities Act and are not regulated by the Charity Commission. The Cathedral is instead governed under the Cathedrals Measure 1999 and by the Cathedral's Constitution and Statutes that came into effect on 23rd April 2000 and were subsequently amended in April 2009 and again in November 2013. Although the Cathedral is not registered with the Charity Commission, the Chapter seeks to have due regard to the commission's guidance where applicable and where considered appropriate.

Under these instruments it is the duty of the Chapter to direct and oversee the administration of the affairs of the Cathedral and to order the worship and promote its mission.

The Constitution and Statutes require that any person or body having functions under these instruments shall have due regard to the fact that the Cathedral is the seat of the Bishop of Southwark and a centre of worship and mission. The Bishop of Southwark is the Visitor and has the right to be present and to speak at meetings of the Cathedral Council but plays no significant role in the day-to-day decision-making structure of the Cathedral.

In April 2017 the Archbishops of Canterbury and York established a Cathedrals Working Group to review aspects of cathedral governance and management, chaired by the Rt Revd Adrian Newman, Bishop of Stepney. The group was tasked to look at a number of different areas of Cathedral governance, reviewing the sufficiency of the Cathedrals Measure in relation to governance structures and with particular reference to financial management, major building projects, safeguarding, and accountability, oversight and scrutiny. The group was also asked to review leadership capacity, including training and development needs for deans and chapters; the relationship of cathedral governance structures to other key partners, especially Diocesan bishops, the Diocese itself and the Church Commissioners; and the planning, execution, communication and implementation of cathedral visitations by Diocesan bishops.

The Cathedrals Working Group's final report was published in June 2018. Out of the report's recommendations came a draft measure which was brought to the July 2019 General Synod after which it passed through the hands of Revision Committee chaired by me. The revised measure is expected to complete the process in Synod by July 2020 and thereafter gain Royal Assent. All the necessary work that will follow, including the drafting of a new Constitution and Statutes and the Cathedral's registration with the Charity Commission must be completed by 31st March 2023. The Chapter intends this work to be completed for Southwark well before that.

The Chapter also undertook a self-evaluation exercise in 2018 following guidance supplied by the Association of English Cathedrals and led by members nominated by the Cathedral Council. This focused on the same areas that have been identified above by the Working Group with the addition of communications and public engagement. The final report, compiled by the Chair of the Cathedral Council, Jennie Page, was received by the Chapter in March 2019. The process of self-evaluation has proved to be a very useful piece of work reflecting back to the Chapter and senior staff some objective assessment of our work and highlighting a number of areas that we need to work on in the coming years. It is also timely in that many of the recommendations from the self-evaluation relate closely to those of the Cathedrals Working Group findings. The Chapter has already started working through these recommendations and drawing up an action plan to ensure we meet all the requirements, both legislative and procedural, that will be required under the new Cathedrals Measure.

The Cathedral's Role in the Diocese

The Diocese of Southwark was formed in 1905 and covers much of South London from Kingston-upon-Thames in the west to Thamesmead in the east; and from the River Thames in the north to Gatwick Airport in the south. In the same year, the parish church of St Saviour became the Cathedral of the newly-formed Diocese.

As the cathedra of the Bishop and the mother church of the Diocese of Southwark, the Cathedral is an intrinsic part of the Diocesan community, working alongside the Bishop and his staff and the many other bodies which together form the Diocese of Southwark.

This relationship is most obviously expressed in acts of worship under the presidency of the Bishop of Southwark which draw people from all over the Diocese. Each year a large number of Diocesan services are held at the Cathedral, including the Blessing of the Oils and Re-affirmation of ordination vows on Maundy Thursday, ordination services, confirmation services, and Archdeaconry visitations.

In addition to the Diocesan services above, events such as the Vocations Day and the Clergy Study Day are held at the Cathedral. The Cathedral is used by senior Diocesan clergy as a place for meetings and interviews. Honorary Canons, Diocesan officers and others participate in the worship of the Cathedral, and Cathedral staff are frequently invited into parishes to celebrate and preach.

Many people from the Diocese assist in the life of the Cathedral in a number of voluntary capacities and we appreciate the time they give to us. These links with the Diocese are important in spreading understanding about the role of the Cathedral within the Diocese.

The Cathedral has an active relationship with parishes and receives a stream of visits for a variety of educational, liturgical and recreational purposes. The Cathedral also enjoys a close relationship with numerous other bodies within the Diocese including the Board of Education, voluntary agencies, Church schools (especially Foundation Schools) and universities.

The organisational structure of the Cathedral

Under the requirements of the Constitution and Statutes, the governance of the Cathedral is set out as follows:

The **Bishop of Southwark** has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan services and events. He is the Visitor and in this role ensures the observance of the Constitution and Statutes.

The **Chapter** is the administrative body of the Cathedral and meets on at least seven occasions each year. It consists of 13 members: the Dean, the five Residentiary Canons and seven other ordained and lay members holding appointed or elected positions. Details of the members of Chapter are given on page 24, and the procedure for their appointment is set out on page 21.

The **Cathedral Council** is appointed to further and support the work of the Cathedral and to review and advise upon the work of the Chapter. The Council is made up of 19 people appointed by the Bishop of Southwark, the Bishop's Council, chosen from the Chapter, or elected from the Electoral Roll and College of Canons. In addition, six members are appointed by the Bishop after consultation with the Chapter, who have experience in architectural and conservation matters, finance, education, ecumenism and any other experience and expertise considered beneficial to the Cathedral's work and mission. The Council meets three times a year in March, June and November. The June meeting is held jointly with the Chapter.

The Dean, the Residentiary and Honorary Canons, and the Area Bishops and Archdeacons working in the Diocese sit as the **College of Canons**.

The Constitution also requires the setting up of a **Finance Committee** with the function of advising the Chapter in connection with its responsibilities in the field of financial and investment management and the management of property and assets belonging to the Cathedral. The Finance Committee has up to ten members.

Under the Care of Cathedrals Measure 1990, the **Fabric Advisory Committee** is responsible to the Cathedrals Fabric Commission for England and considers applications from the Chapter in regard to proposed development of and changes to the Cathedral's fabric. There are eight voting members, four appointed by the Cathedrals Fabric Commission for England and four by the Cathedral Chapter. In addition, the Dean, Comptroller, Cathedral Architect, Cathedral Archaeologist and one of the Cathedral Wardens attend the four meetings each year.

Members of the **Estates Committee** advise the Chapter on the strategic management and maintenance of its property portfolio.

The **Senior Management Team**, whose membership includes the Dean, Sub Dean, Canon Precentor, Comptroller and Cathedral Accountant, are responsible for the day-to-day management of property, personnel, safeguarding and financial issues and work through department heads to ensure that the Cathedral's activities are effectively and efficiently run and that all aspects of health and safety are addressed. In the last of these they are assisted by the **Health and Safety Panel** which consists of the Sub Dean, Comptroller, Head Verger and Facilities Manager and which carries out regular risk assessments of Cathedral activities and takes appropriate professional advice where necessary.

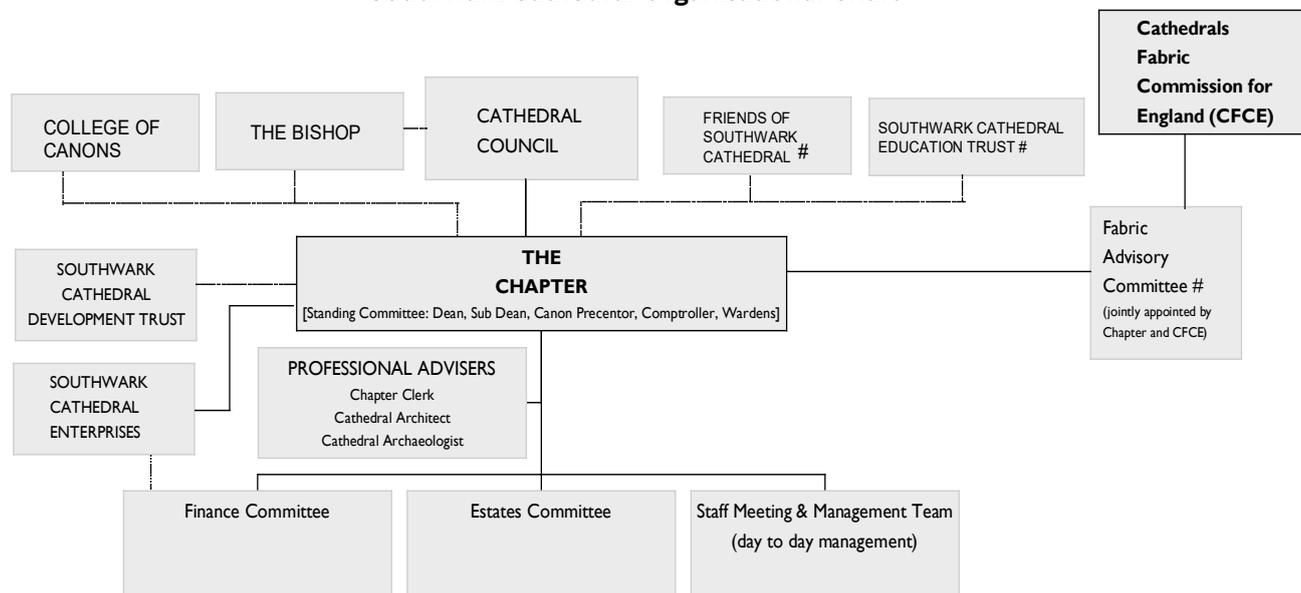
The new Cathedrals Measure will make provision for a strengthened role for the Senior Management Team and clear terms of reference which set out the relationship between it and the Chapter. We will be working on implementing these recommendations in the year ahead.

In addition there are five other formally-constituted organisations involved in aspects of managing the Cathedral's affairs:

- **Southwark Cathedral Enterprises Limited**
This company is wholly owned by the Chapter, and manages the main commercial activities of the Cathedral, including the Cathedral Shop, conferences, events and concerts using the Cathedral's premises, licensing of the Refectory, and tour-related income. Profits are gift-aided to the Cathedral and are included in the consolidated statement of financial activities on page 29 and detailed in note 5 to the accounts on page 42.
- **The Southwark Cathedral Development Trust (registered charity 1069914)**
This registered charity, formed to raise funds for the Millennium Project, is now dedicated to the fundraising campaign. It has independent trustees and is not under the control of the Chapter. A summary of the financial performance of the Trust in 2019 is given in the Fundraising Report on page 6.
- **Southwark Cathedral Education Trust (registered charity 1058369)**
The Southwark Cathedral Education Trust is an independent registered charity which oversees the work of the Education Centre and seeks to help teachers cover a range of national curriculum subjects in imaginative ways. This is accomplished by offering experience based trails and workshops. It has independent trustees and is not under the control of the Chapter.
- **The Friends of Southwark Cathedral (registered charity 1159545)**
This registered charity provides financial support to the Cathedral for repairing, maintaining and beautifying the Cathedral church, to the Cathedral choirs when on tour, and assisting the Chapter in their mission and ministry. It has independent trustees and is not under the control of the Chapter.
- **The Dean of Southwark's Fund (registered charity 275354)**
This registered charity provides financial support for extending, developing and maintaining the buildings, fabric, amenities and work of Southwark Cathedral as well as the advancement of the Christian religion. It has independent trustees and is not under the control of the Chapter.

A summary of the financial performance of all of the four registered charities listed above is given in note 19 to the accounts on page 54.

Southwark Cathedral Organisational Chart



Committees with membership partly nominated by external bodies

The Chapter

Members' responsibilities in relation to the financial statements

The Chapter members are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Cathedrals in England and Wales requires the Chapter members to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Cathedral and of the incoming resources and application of resources of the Cathedral for that period. In preparing these financial statements, the Chapter members are required to:

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

The Chapter is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Cathedral and enable them to ensure that the financial statements comply with the Cathedrals Measure 1999 and the provisions of the constitution. They are also responsible for safeguarding the assets of the Cathedral and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Method of appointing members

The Dean and all Residentiary Canons are appointed by the Bishop of Southwark. All are members of Chapter by virtue of their appointment, the Dean being the Chairman.

The Cathedral's Constitution and Statutes set out the following method for appointing the remaining members to Chapter:

- two people (not more than one of whom may be in Holy Orders) appointed by the Bishop, after consultation with the Dean, having particular expertise which will enrich the Chapter's deliberations and knowledge;
- two people elected from among those who are or have been Cathedral Wardens of the parish by persons whose names are on the electoral roll of the parish at the Annual Parochial Church Meeting;
- two other people elected from the church electoral roll of the parish by persons whose names are on

- the church electoral roll of the parish at the Annual Parochial Church Meeting;
- the Comptroller by virtue of that appointment.

Procedures for the induction and training of new members

The Dean and Residentiary Canons are invited to attend training courses run by the Association of English Cathedrals. This training has recently been extended to include more in-depth training days for Chapters as a whole and we have participated fully in this new training programme.

All new members of Chapter have a meeting with the Dean, Sub Dean and Comptroller so that the work of Chapter and procedures at meetings can be explained. Members have the opportunity to have tours of the Cathedral and an introduction to the work of the Cathedral's various departments.

Our people

Our Clergy

Our full-time clergy are the Dean, Sub Dean and Canon Precentor. Their stipends are paid by the Church Commissioners. The cost of these stipends, pension and national insurance payments is included under "Clergy stipends and working expenses" and the grant we receive from the Church Commissioners to cover the costs is included in our restricted income under "Grants in Support of Mission". In addition, the Chapter pays the stipend for the part-time Succentor. The Chapter is responsible for the housing costs and expenses in connection with all of the above. The Canon Chancellor, Canon Treasurer and Canon Missioner are licensed to the Cathedral but their stipends and housing costs are met by the Diocese for whom they hold full-time roles. They are members of Chapter and play a full role in the worshipping life of the Cathedral in addition to their Diocesan responsibilities.

During 2019 The Revd Canon Mandy Ford completed her secondment as Interim Director of Ministry at Church House and returned to her role as Canon Chancellor. She had continued to serve as a member of the Cathedral Chapter during the period of her secondment.

Our Cathedral employees

The Chapter directly employs 21 full-time and 25 part-time staff (2018: 22 full-time and 23 part-time) in a variety of roles which support the mission and ministry of the Cathedral. These staff are organised into various departments which report either to the Comptroller (in the case of the finance, facilities, commercial activities and administrative departments) or the Canon Precentor (liturgy, vergers and music departments).

In July, Peter Wright, the Director of Music, retired after 31 years' service. There were a number of farewell events to offer thanks for his dedicated service over the years and to recognise his achievements as a splendid organist and director of the boys' choir. The search for his successor began in January 2019 and in March we were able to announce that Ian Keatley, then Director of Music at Christchurch Cathedral, Dublin, and a former organ scholar here at Southwark, had been appointed as Peter's successor. Ian joined the staff in September.

The Succentor, Rachel Young, announced that she would be leaving having been appointed to the team ministry at Rotherham Minster in South Yorkshire in a new post using music for mission. Her last Sunday was 16th February 2020. Shortly afterwards, the Canon Precentor, Gilly Myers, announced her retirement after eight years in the post. Her last Sunday was 1 March 2020 prior to her move to Guildford where her husband, Duncan, has been appointed as Anglican Chaplain to the University of Surrey and Priest Vicar of the Cathedral.

There were several staff changes in 2019. The newly-created role of Commercial Director was filled by Emma Allen who brought valuable commercial experience from her previous role at the Postal Museum. The management of Enterprises and Facilities staff, together with oversight for all the Cathedral's commercial activities, moved to the Commercial Director from the Comptroller, Matthew Knight, who had moved to part-time working in the summer. The Chapter welcomed the opportunity to bring new commercial skills into the organisation while being able to continue to draw on Matthew's experience and knowledge of Cathedral administration and governance built up over his 14 years in the role. The cost of the

new Commercial Director is being funded partly from the reduction in the Comptroller's salary and partly from additional support from the Diocese and a successful application to the Cathedrals' Sustainability Fund which awarded us £17,500 per year for three years.

In May, Julie Dyg, Receptionist and Assistant to the Sub Dean resigned prior to a move away from London and her successor was Natasha Kuler. Molly Budd resigned from the vergers' team in August as she had been selected for Ordination Training. In her place, David McEvoy was appointed as the new part-time verger. Ruth Miller, Visits and Tours Officer left in July and a new Visitor Engagement Officer, Emily Thorne, was appointed and started in January 2020.

Since September 2015 we have ensured that all paid staff receive at least the London Living Wage (currently £10.75 per hour). The Chapter introduced this in response to a request from the congregation and is working towards a position where all Cathedral suppliers pay the living wage as well. This has been applied to Café staff from August 2019 as our new catering partner, LEAFI, included a commitment to the London Living Wage in their tender submission. Rates for members of staff are benchmarked against those in other Cathedrals and other charitable organisations. We are in a difficult position being in central London where rates of pay are the highest in the country. This has occasionally led to recruitment problems as we are unable to compete with the salaries offered by larger organisations or the commercial sector. However, we have been fortunate to attract a number of staff in key positions for whom remuneration is not the only reward and who wish to devote their time to supporting the ministry of the Cathedral. In return we offer a flexible and supportive working environment that allows staff to maintain a good work/life balance.

Our Volunteers

We are very fortunate to have a solid base of 412 volunteers, many of whom offer their time in more than one role and give generously of their time and skills to enrich and extend the work of the Cathedral and its service to the local community. Our volunteers work in a huge range of roles including bellringers, broderers, day chaplains, Education Centre volunteers, Eucharistic ministers, flower arrangers, guides, honorary minor canons, honorary vergers, hospitality team, intercessors and readers, office volunteers, servers, shop volunteers, stewards, ROBES project volunteers, Sunday School, welcomers and wholeness and healing. In addition, many serve as members of the various committees that assist in the organisation of our life. We could not operate at our current level of excellence without them and we are profoundly grateful for their service. They bring huge experience and energy.

Our Volunteers' officer, Michelle Ford, works with teams across the Cathedral to identify and fill any volunteering gaps and has developed new links with local Volunteers Centres and MENCAP. She is keen to widen the involvement of young people and those from black and minority ethnic backgrounds more fully in our volunteer activities.

A number of meetings are held throughout the year which help to manage the work of volunteers, share best practice and ideas and address any concerns that arise. The twice yearly Volunteer Team Leaders meeting, chaired by the Dean, provides a useful forum for the different groups to meet and update others on their work.

The volunteers' annual party was held in June to coincide with National Volunteering Week and was attended by a large number of volunteers from different teams. The event provided an opportunity for the Chapter to thank volunteers for their continued commitment and dedication to Cathedral life.

Finally, I would like to record my thanks to Matthew Knight, Comptroller, Toyin Tukasi, Cathedral Accountant, and all those who assist them with the management of the Cathedral's finances and for the compiling of this annual report.

This report on the Cathedral's activities during the year ending 31st December 2019 together the legal and administrative information, the independent report from the Cathedral's auditors and the financial statements form the Chapter's statutory annual report. You are also invited to read my Dean's Annual Report which provides additional reflections on the past year together with some more detail on our achievements and activities.

Andrew Nunn
Dean

13th May 2020

Legal and Administrative Information

Full legal name and address

The Cathedral and Collegiate Church of St Saviour and St Mary Overie, Southwark, also known as Southwark Cathedral
London Bridge
London SE1 9DA
Telephone: 020 7367 6700 Fax: 020 7367 6725/30
General email address: cathedral@southwark.anglican.org
Web site: www.southwarkcathedral.org.uk

Administrative Body

The Cathedral's administrative body is the Chapter. The members of the Chapter at the date of this report were as follows:

The Very Revd Andrew Nunn, Dean
The Revd Canon Michael Rawson, Sub Dean and Canon Residentiary
The Revd Canon Jay Colwill, Canon Residentiary
The Revd Canon Dr Mandy Ford, Canon Residentiary
The Revd Canon Gilly Myers, Canon Residentiary
The Revd Canon Leanne Roberts, Canon Residentiary
Mr Matthew Knight, Comptroller
Mrs Linda Hutchinson, Cathedral Warden
Mr Daniel Chumbley, Cathedral Warden
The Revd Canon Joabe Cavalcanti
Ms Amanda Hill
Mr Peter Haddock
Mrs Helen Quintrell

In attendance:

The Revd Canon Wendy Robins, Honorary Curate and Cathedral Chaplain

There was one change to Chapter membership during 2019. Mr Matthew Hall retired as Cathedral Warden at the Annual Parochial Church Meeting in April and Mrs Linda Hutchinson was elected as his successor.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – chairman

The Very Revd Andrew Nunn

Mr Ian Akhurst

Mr Daniel Chumbley

Mr Mike Dyer

Mr Colin Johnston

Mr Matthew Knight

Mrs Barbara Lane

Ms Stephanie Mills

Mr Pip Steen

In attendance:

Mrs Toyin Tukasi – Cathedral Accountant

Ms Emma Allen – Commercial Director

Mrs Marie Aké – secretary

The Fabric Advisory Committee

The Revd Charles Pickstone – chairman

Mr Paul Appleton

Professor Maurice Howard

Mr Luke Hughes

Miss Gillian Lewis

Ms Claire Reed

Mr Guy Rowston

Ms Phillida Shaw

In attendance:

Mr Richard Malins – secretary

The Very Revd Andrew Nunn – Dean

Ms Kelley Christ – Cathedral Architect

Dr Jackie Hall – Cathedral Archaeologist

Mr Matthew Knight – Comptroller

Mrs Linda Hutchinson – Cathedral Warden

Director of Music

Mr Ian Keatley

Bankers

National Westminster Bank plc

10 Southwark Street

London SE1 1TT

Chapter Clerk and Solicitors

Mr Paul Morris

Winckworth Sherwood

Minerva House

5 Montague Close

London SE1 9BB

Independent Auditors

Moore Kingston Smith LLP

Devonshire House

60 Goswell Road

London EC1M 7AD

Cathedral Architect

Ms Kelley Christ

A&RME

415 Endsleigh Court

24 Upper Woburn Place

London WC1H 0HQ

Archaeological Consultant

Dr Jackie Hall

51 Back Road

Linton

Cambridge

CB21 4JF

Surveyors

Rapleys LLP

51 Great Marlborough Street

London

W1F 7JT

Insurers

Ecclesiastical Insurance Group

Beaufort House

Brunswick Road

Gloucester GL1 1JZ

Investment Managers

Investec Wealth & Investment Limited

30 Gresham Street

London

EC2V 7QN

Independent Auditor's Report to the Chapter

Opinion

We have audited the financial statements of Southwark Cathedral for the year ended 31st December 2019 which comprise the Consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheets, the Consolidated 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 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 group's and Cathedral's affairs as at 31st December 2019, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the guidelines specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the Cathedral 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 Chapter members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chapter members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

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 Chapter members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 where the Cathedrals Measure 1999 requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the group and Cathedral has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

Responsibilities of trustees

As explained more fully in the Chapter members' responsibilities statement set out on page 21, the Chapter members 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 Chapter members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 27 of the Cathedrals Measure 1999 and report in accordance with regulations made under that Act.

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 Cathedral's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chapter members.
- Conclude on the appropriateness of the Chapter members' 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 group's and Cathedral'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 Cathedral 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 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 Cathedral 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 any party other than the Cathedral Chapter as a body, for our audit work, for this report, or for the opinion we have formed.

Moore Kingston Smith, statutory auditor

Devonshire House
60 Goswell Road
London, EC1M 7AD

Moore Kingston Smith LLP

Date: 17 September 2020

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31st December 2019

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:	2					
Donations and Legacies		510,671	226,020	76,542	813,233	1,263,720
Grants in support of mission		-	221,221	-	221,221	273,285
Charges and fees arising in course of mission		224,795	10,267	-	235,062	274,152
Trading and fundraising		823,367	-	-	823,367	791,166
Investments		151,616	23,933	-	175,549	147,120
Total Income		<u>1,710,449</u>	<u>481,441</u>	<u>76,542</u>	<u>2,268,432</u>	<u>2,749,443</u>
EXPENDITURE ON:	3,4					
Raising Funds		575,189	11,031	-	586,220	632,699
Charitable Activities:						
Ministry		425,853	226,367	-	652,220	642,678
Cathedral and precincts upkeep		605,984	114,710	-	720,694	1,007,006
Education and outreach		80,325	63,910	-	144,235	173,367
Community, parish and congregation		80,492	5,915	-	86,407	88,561
Other expenditure		3,484	-	-	3,484	3,950
Total Expenditure		<u>1,771,327</u>	<u>421,933</u>	<u>-</u>	<u>2,193,260</u>	<u>2,548,260</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS		(60,878)	59,508	76,542	75,172	201,182
Net gains on investments	6	50,000	3,694	62,669	116,363	132,068
Net income/(expenditure)		<u>(10,878)</u>	<u>63,202</u>	<u>139,211</u>	<u>191,535</u>	<u>333,250</u>
Gross transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movements in funds		<u>(10,878)</u>	<u>63,202</u>	<u>139,211</u>	<u>191,535</u>	<u>333,250</u>
Reconciliation of funds:						
Total Funds brought forward		<u>1,229,420</u>	<u>114,442</u>	<u>16,238,638</u>	<u>17,582,500</u>	<u>17,249,250</u>
Total Funds carried forward		<u><u>1,218,542</u></u>	<u><u>177,644</u></u>	<u><u>16,377,849</u></u>	<u><u>17,774,035</u></u>	<u><u>17,582,500</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.

Southwark Cathedral

Consolidated Balance Sheet as at 31st December 2019

	Note	Unrestricted £	Restricted £	Endowment £	Total Funds 2019 £	Total Funds 2018 £
Fixed Assets						
Investment assets	6	925,000	23,448	738,279	1,686,727	1,570,364
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	95,334	-	-	95,334	48,383
		<u>1,020,334</u>	<u>23,448</u>	<u>15,988,279</u>	<u>17,032,061</u>	<u>16,868,747</u>
Current Assets						
Stocks		32,312	-	-	32,312	32,026
Debtors	9	117,231	19,297	76,542	213,070	239,008
Deposits and cash		572,395	211,942	-	784,337	808,598
		<u>721,938</u>	<u>231,239</u>	<u>76,542</u>	<u>1,029,719</u>	<u>1,079,632</u>
Liabilities due within one year						
Creditors	10	<u>(232,999)</u>	<u>(54,746)</u>	-	<u>(287,745)</u>	<u>(365,879)</u>
Net Current Assets		<u>488,939</u>	<u>176,493</u>	<u>76,542</u>	<u>741,974</u>	<u>713,753</u>
Total Assets less Current Liabilities		1,509,273	199,941	16,064,821	17,774,035	17,582,500
Liabilities due after one year						
Inter-fund loan	20	<u>(290,731)</u>	<u>(22,297)</u>	313,028	-	-
Total net Assets		<u><u>1,218,542</u></u>	<u><u>177,644</u></u>	<u><u>16,377,849</u></u>	<u><u>17,774,035</u></u>	<u><u>17,582,500</u></u>
The funds of the Cathedral:						
Unrestricted - Cathedral	15-17	188,830	-	-	188,830	248,038
Unrestricted - Trading		9,378	-	-	9,378	57,999
Designated fund		1,020,334	-	-	1,020,334	923,383
Restricted		-	42,877	-	42,877	-
Choir Funds		-	100,696	732,181	832,877	752,130
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		-	34,071	395,668	429,739	350,950
Total Cathedral funds		<u><u>1,218,542</u></u>	<u><u>177,644</u></u>	<u><u>16,377,849</u></u>	<u><u>17,774,035</u></u>	<u><u>17,582,500</u></u>

Southwark Cathedral

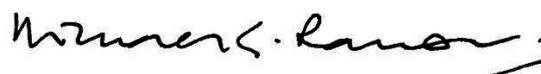
Cathedral Balance Sheet as at 31st December 2019

	Note	Unrestricted	Restricted	Endowment	Total Funds 2019	Total Funds 2018
		£	£	£	£	£
Fixed Assets						
Investment assets	6	925,000	23,448	738,279	1,686,727	1,570,364
Subsidiary undertaking	5	109,378	-	-	109,378	157,999
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	95,334	-	-	95,334	48,383
		<u>1,129,712</u>	<u>23,448</u>	<u>15,988,279</u>	<u>17,141,439</u>	<u>17,026,746</u>
Current Assets						
Debtors	9	113,132	19,297	76,542	208,971	191,046
Deposits and cash		425,594	211,942	-	637,536	620,511
		<u>538,726</u>	<u>231,239</u>	<u>76,542</u>	<u>846,507</u>	<u>811,557</u>
Liabilities due within one year						
Creditors	10	(159,165)	(54,746)	-	(213,911)	(255,803)
Net Current Assets		<u>379,561</u>	<u>176,493</u>	<u>76,542</u>	<u>632,596</u>	<u>555,754</u>
Total Assets less Current Liabilities		<u>1,509,273</u>	<u>199,941</u>	<u>16,064,821</u>	<u>17,774,035</u>	<u>17,582,500</u>
Liabilities due after one year						
Inter-fund loan	20	(290,731)	(22,297)	313,028	-	-
Total net Assets		<u><u>1,218,542</u></u>	<u><u>177,644</u></u>	<u><u>16,377,849</u></u>	<u><u>17,774,035</u></u>	<u><u>17,582,500</u></u>
The funds of the Cathedral:						
	15-17					
Unrestricted - Cathedral		188,830	-	-	188,830	248,038
Unrestricted - Trading		9,378	-	-	9,378	57,999
Designated fund		1,020,334	-	-	1,020,334	923,383
Restricted		-	42,877	-	42,877	-
Choir Funds		-	100,696	732,181	832,877	752,130
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		-	34,071	395,668	429,739	350,950
Total Cathedral funds		<u><u>1,218,542</u></u>	<u><u>177,644</u></u>	<u><u>16,377,849</u></u>	<u><u>17,774,035</u></u>	<u><u>17,582,500</u></u>

Approved by the Chapter and authorised for issue on 13th May 2020



Andrew Nunn
Dean



Michael Rawson
Sub Dean

Southwark Cathedral

Consolidated Statement of Cash Flows as at 31st December 2019

	Note	2019	2018
		£	£
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	21	(305,063)	145,140
Cash flows from investing activities:			
Rent received net of costs		149,261	123,539
Investment income received net of costs		26,288	23,581
Purchase of property, plant and equipment		(95,446)	(28,441)
Net Cash provided by investing activities		80,103	118,679
Cash flows from financing activities:			
Repayment of borrowing		-	-
Net cash used in financing activities		-	-
Change in cash and cash equivalents in the reporting period		(224,960)	263,819
Cash and cash equivalents at the beginning of the reporting period		808,598	544,779
Cash and cash equivalents at the end of the reporting period		583,638	808,598

Southwark Cathedral

Notes to the Consolidated Financial Statements

1 Accounting Policies

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. The Cathedral also prepares its financial statements in accordance with the Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners.

The Chapter has 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. The Chapter has made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Chapter has considered the Cathedral's forecasts and projections and have taken account of the COVID 19 virus and its impact on income streams together with the actions taken to reduce costs. After making enquiries the Chapter has concluded that even if the COVID 19 lockdown lasted for 6 months there is a reasonable expectation that the Cathedral has adequate resources to continue in operational existence for the foreseeable future. The Cathedral therefore continues to adopt the going concern basis in preparing its financial statements.

Group financial statements

The financial statements are consolidated to include the results of the Cathedral's subsidiary undertaking, Southwark Cathedral Enterprises Limited. They do not include the financial transactions, assets and liabilities of other charitable organisations which are not under the control of the Chapter, details of which are provided in the notes to the financial statements; nor do they include the accounts of informal gatherings of Cathedral members or groups that owe their main affiliation to another body.

Third party and non-cash receipts and payments and donated assets and services

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. Where assets and services are donated to the Cathedral the value is included in the appropriate classification of income and expenditure.

Income

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Legacies and Donations

Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy can be measured reliably. Where entitlement to a legacy exists but there is doubt as to its receipt or the amount receivable, details are disclosed as a contingent asset until the criteria for income recognition are met.

All legacies and donations receivable are credited to the Consolidated Statement of Financial Activities and allocated to the relevant fund according to any restrictions placed upon their use.

Income arising from events and conferences

Income is recognised at the date at which the event or conference takes place. Any income received in advance is deferred to the date of the event or conference.

Grants Receivable

Grants receivable which are subject to conditions or restrictions are credited to the restricted fund in the Consolidated Statement of Financial Activities as soon as they are received or become receivable.

If a grant has been received or is receivable and the related expenditure has not been incurred, then the

grant is carried forward in restricted funds in the balance sheet. If a grant becomes repayable due to conditions of the grant not being satisfied a liability is recognised. 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.

Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure on raising funds comprises the costs associated with fundraising and trading. Charitable expenditure comprises those costs incurred by the Cathedral in the delivery of its mission. Direct costs represent all costs which directly relate to a single activity. Support costs, including governance costs, are apportioned on an appropriate basis to estimated usage.

Pension Scheme Arrangements

Defined contribution

These pension charges represent the costs of the contributions payable by the Cathedral.

Defined benefit

Pensions and related benefits for the Dean, Sub Dean and Canon Precentor are provided by the Church of England Funded Pensions 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.

Taxation

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. All recoverable income tax is included under the appropriate classification of income.

Cathedral and its inventory

No value is attributed to the Cathedral (together with the linked 1988 Chapter House and Millennium Buildings) in the financial statements and it is not included in the consolidated balance sheet. The Cathedral and the Millennium buildings, which are inalienable assets, are currently insured for a total sum of £40 million. No value is attributed to items included in the Cathedral inventory under Section 13(1) of the Care of Cathedrals Measure 1990 as they are considered to be of architectural, archaeological, artistic or historic interest and the cost of obtaining valuations would be onerous compared with the benefit derived by users of the accounts.

Non-investment Property

Properties owned by the Chapter are included in the consolidated balance sheet at cost or valuation. A valuation was carried out at 1st January 2014 as disclosed in the notes to the financial statements. The transitional provisions of FRS102 have been used to treat this valuation as a deemed cost. Where property is held on a "mixed-use" basis such that it is partly used by the Cathedral and partly rented out, the property is wholly held at depreciated cost as it would not be practicable reliably to estimate the value of the investment property element.

Depreciation

No depreciation is provided on the freehold properties owned by the Cathedral and carried on the Balance Sheet because the useful economic life of the properties is judged to be longer than 50 years, and the Chapter's policy is to maintain and repair the properties to ensure that they retain their value in use to the Cathedral. In order to comply with FRS102, the Chapter has conducted an impairment review. The Chapter considers that the net realisable value of the properties in the Balance Sheet is not less than their carrying value and expects to hold the properties for more than 50 years. In the opinion of the Chapter, the assets are therefore not impaired and there is no requirement to adjust the value at

which the properties are carried in the Balance Sheet.

Expenditure on furnishings, equipment, fixtures and furniture of £10,000 or more is stated in the balance sheet at cost less depreciation provided to write it off over its expected useful life as follows:

Computers and software	3 years
Other items	4 years

Investment Property

The Church Hall and Cottage on the All Hallows site, which are owned by the Chapter, are regarded as investment property as they are rented out on an arm's length basis to generate income for the Cathedral. Investment properties are carried at their open market value.

Investments

The investments are held subject to the Trustees Act 2000 and are included in the consolidated balance sheet at market value.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the Consolidated Statement of Financial Activities as 'gains or losses on investments' and are allocated to the appropriate fund holding on disposing of the relevant investment.

Stocks

Stocks comprise shop goods for resale and are stated at the lower of cost and net realisable value.

Funds

Funds are classified between Endowment, Restricted and Unrestricted in accordance with the legal constraints on their use, and the consequent degree of flexibility which the Chapter has on using the income that gave rise to the funds.

Endowment Funds

These are funds where there is no power to convert capital into income. They are held permanently and cannot be utilised for other purposes, although the constituent assets may change over time.

Restricted Funds

These are funds subject to specific conditions or trusts, imposed by the donor or the terms of a specific appeal, which are binding on the Chapter. The restrictions may be on income or capital or both.

Unrestricted Funds

These are funds other than endowment and restricted funds and include funds designated for a specific purpose by the Chapter.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured

at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

De-recognition 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

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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.

De-recognition of financial liabilities

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

Judgements and key sources of estimation uncertainty

In the application of the Cathedral's accounting policies, the Chapter is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The Chapter uses the valuation performed by its independent valuers as the fair value of its investment properties. The valuation is based upon the key assumptions of estimated rental values and market-based yields. With regard to redevelopments and refurbishments, future development costs and an appropriate discount rate are also used. In determining fair value the valuers make reference to market evidence and recent transaction prices for similar properties. The value of investment assets may have been further affected by the impact of COVID-19.

The Chapter consider the significant assumptions to the valuation of investment properties to be estimated rental values and market based yields.

In the absence of current prices in an active market for similar properties, the Chapter considers information from a variety of sources, including:

- a. current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- b. recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- c. discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the carrying values and key assumptions used for the fair value measurement, are given in note 7 to the financial statements. The Chapter considers that building assets held within non-investment property should not be depreciated as the expected useful lives of these assets is estimated to exceed 50 years and the net realisable value of these assets exceeds the value at which they are carried in the Balance Sheet. However, the Chapter considers whether these assets may be impaired on an annual basis.

2 Income and Endowments

Year to 31st December 2019

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
Donations and Legacies				
Congregational collections and giving	303,903	73,667	-	377,570
Donations and fundraising appeals	96,532	64,783	-	161,315
Tax recoverable under Gift Aid	65,136	8,907	-	74,043
Income from Friends and local trusts	45,100	78,663	76,542	200,305
Legacies	-	-	-	-
	<u>510,671</u>	<u>226,020</u>	<u>76,542</u>	<u>813,233</u>
Grants in Support of mission				
Church Commissioners	-	203,679	-	203,679
Other revenue and capital grants	-	17,542	-	17,542
	<u>-</u>	<u>221,221</u>	<u>-</u>	<u>221,221</u>
Charges and fees arising in the course of mission				
Facility and other fees	224,795	10,267	-	235,062
Trading and fundraising activities				
Gross income of shop, refectory visitors and events	823,367	-	-	823,367
Investments				
Income from investment Property	149,261	-	-	149,261
Income from other Investments	689	23,933	-	24,622
Interest receivable on short term deposits	1,666	-	-	1,666
	<u>151,616</u>	<u>23,933</u>	<u>-</u>	<u>175,549</u>
Total 2019	<u>1,710,449</u>	<u>481,441</u>	<u>76,542</u>	<u>2,268,432</u>

2 Income and Endowments (continued)
Year to 31st December 2018

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
Donations and Legacies				
Congregational collections and giving	304,542	62,488	-	367,030
Donations and fundraising appeals	279,855	81,891	2,789	364,535
Tax recoverable under Gift Aid	102,307	4,986	-	107,293
Income from Friends and local trusts	42,369	377,493	-	419,862
Legacies	-	-	5,000	5,000
	<u>729,073</u>	<u>526,858</u>	<u>7,789</u>	<u>1,263,720</u>
Grants in Support of mission				
Church Commissioners	-	203,751	-	203,751
Other revenue and capital grants	-	69,534	-	69,534
	<u>-</u>	<u>273,285</u>	<u>-</u>	<u>273,285</u>
Charges and fees arising in the course of mission				
Facility and other fees	264,897	9,255	-	274,152
Trading and fundraising activities				
Gross income of shop, refectory visitors and events	791,166	-	-	791,166
Investments				
Income from investment Property	123,539	-	-	123,539
Income from other Investments	670	21,270	-	21,940
Interest receivable on short term deposits	1,641	-	-	1,641
	<u>125,850</u>	<u>21,270</u>	<u>-</u>	<u>147,120</u>
Total 2018	<u><u>1,910,986</u></u>	<u><u>830,668</u></u>	<u><u>7,789</u></u>	<u><u>2,749,443</u></u>

3 Expenditure on raising funds

Year to 31st December 2019

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
Costs of facilities for visitors	115,847	7,337	-	123,184
Gross costs of shop, refectory and other activities	440,365	-	-	440,365
Costs of appeals and fund raising	1,195	3,694	-	4,889
Let property costs	17,782	-	-	17,782
	<u>575,189</u>	<u>11,031</u>	<u>-</u>	<u>586,220</u>

4 Expenditure on Charitable Activities

Year to 31st December 2019

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £
Ministry				
Clergy stipends and working expenses	24,909	140,267	-	165,176
Clergy housing costs	25,132	-	-	25,132
Clergy support costs	88,443	13,059	-	101,502
Services, music and congregational costs	287,369	73,041	-	360,410
	<u>425,853</u>	<u>226,367</u>	<u>-</u>	<u>652,220</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	32,215	-	32,215
Vergers and interior upkeep	342,700	54,274	-	396,974
Cathedral insurance	51,237	-	-	51,237
Precincts, security and gardens upkeep	14,325	833	-	15,158
Support costs (see below)	197,722	27,388	-	225,110
	<u>605,984</u>	<u>114,710</u>	<u>-</u>	<u>720,694</u>
Education and outreach				
Educational activities	35,905	2,446	-	38,351
Charitable and other giving	44,420	61,464	-	105,884
	<u>80,325</u>	<u>63,910</u>	<u>-</u>	<u>144,235</u>
Community, parish and congregation	<u>80,492</u>	<u>5,915</u>	<u>-</u>	<u>86,407</u>
Other expenditure				
Interest and similar charges payable	3,484	-	-	3,484
	<u>3,484</u>	<u>-</u>	<u>-</u>	<u>3,484</u>
Total 2019	<u>1,771,327</u>	<u>421,933</u>	<u>-</u>	<u>2,193,260</u>

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £23,526.

3 Expenditure on raising funds

Year to 31st December 2018

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
Costs of facilities for visitors	125,011	6,922	-	131,933
Gross costs of shop, refectory and other activities	424,585	-	-	424,585
Costs of appeals and fund raising	1,459	30,318	-	31,777
Let property costs	44,404	-	-	44,404
	<u>595,459</u>	<u>37,240</u>	<u>-</u>	<u>632,699</u>

4 Expenditure on Charitable Activities

Year to 31st December 2018

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
Ministry				
Clergy stipends and working expenses	26,347	137,486	-	163,833
Clergy housing costs	41,018	-	-	41,018
Clergy support costs	89,712	9,590	-	99,302
Services, music and congregational costs	271,874	66,651	-	338,525
	<u>428,951</u>	<u>213,727</u>	<u>-</u>	<u>642,678</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	346,480	-	346,480
Vergers and interior upkeep	271,545	76,954	-	348,499
Cathedral insurance	50,428	-	-	50,428
Precincts, security and gardens upkeep	14,723	-	-	14,723
Support costs (see below)	223,526	23,350	-	246,876
	<u>560,222</u>	<u>446,784</u>	<u>-</u>	<u>1,007,006</u>
Education and outreach				
Educational activities	32,927	2,307	-	35,234
Charitable and other giving	46,077	92,056	-	138,133
	<u>79,004</u>	<u>94,363</u>	<u>-</u>	<u>173,367</u>
Community, parish and congregation	<u>86,254</u>	<u>2,307</u>	<u>-</u>	<u>88,561</u>
Other expenditure				
Interest and similar charges payable	3,950	-	-	3,950
	<u>3,950</u>	<u>-</u>	<u>-</u>	<u>3,950</u>
Total 2018	<u>1,753,840</u>	<u>794,421</u>	<u>-</u>	<u>2,548,261</u>

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £20,311.

5 Investment in Subsidiary Undertaking

The Cathedral owns 100,000 £1 ordinary shares representing the entire issued share capital of Southwark Cathedral Enterprises Limited, registered in England. This company deals with all the trading activities of the Cathedral shop and administers the car parking (including the upkeep of the roadway and the adjacent area), the refectory, income from tours, and the use of the Cathedral (except for services) and its facilities. All net profits are transferred to the Cathedral under Gift Aid.

Audited accounts, containing an unqualified audit opinion, are filed with the Registrar of Companies. A summary of the trading result is shown below:

	2019	2018
	£	£
Turnover	823,367	791,166
Cost of sales	<u>(128,319)</u>	<u>(139,644)</u>
Gross Profit	695,048	651,522
Other Operating Costs	<u>(312,046)</u>	<u>(284,941)</u>
Profit for the year	383,002	366,581
Charitable distribution to the Cathedral	<u>(431,623)</u>	<u>(358,643)</u>
Net movement in reserves	(48,621)	7,938
Accumulated profit brought forward	57,999	50,061
Accumulated profit carried forward	<u>9,378</u>	<u>57,999</u>
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>109,378</u></u>	<u><u>157,999</u></u>

Advantage is taken of the exemption under FRS102 from disclosure of intra-group transactions of the wholly owned subsidiary.

6 Investments

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
Market value at 1st January 2019	875,000	19,754	675,610	1,570,364
Additions	-	-	-	-
Net increase/(decrease) on revaluation	<u>50,000</u>	<u>3,694</u>	<u>62,669</u>	<u>116,363</u>
Market value at 31st December 2019	<u><u>925,000</u></u>	<u><u>23,448</u></u>	<u><u>738,279</u></u>	<u><u>1,686,727</u></u>
CBF Investment Fund shares	-	23,448	-	23,448
Investec Wealth and Investment portfolio	-	-	738,279	738,279
Investment property at All Hallows	<u>925,000</u>	-	-	<u>925,000</u>
	<u><u>925,000</u></u>	<u><u>23,448</u></u>	<u><u>738,279</u></u>	<u><u>1,686,727</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2019	-	-	15,250,000	15,250,000
At 31st December 2019	-	-	15,250,000	15,250,000

	Endowment Funds	Total Funds
	£	£
Non-investment properties are held and used as follows:		
At 1st January 2019		
for Cathedral office facilities	2,500,000	2,500,000
for Cathedral clergy and staff housing	12,750,000	12,750,000
	<u>15,250,000</u>	<u>15,250,000</u>

Non-investment property comprises:	2019	2018
	£	£
The Deanery, 50/51 Bankside, SE1	3,750,000	3,750,000
52 Bankside, SE1	1,500,000	1,500,000
Montague Chambers, Montague Close, SE1	2,500,000	2,500,000
All Hallows' Vicarage, 2 Copperfield Street, SE1	2,250,000	2,250,000
St. Paul's Vicarage, 54 Kipling Street, SE1	2,650,000	2,650,000
73 St. George's Road, SE1	1,100,000	1,100,000
7 Temple West Mews, SE1	1,500,000	1,500,000
	<u>15,250,000</u>	<u>15,250,000</u>

During 2014, the Chapter commissioned a valuation of the Cathedral's property portfolio with Biscoe Craig Hall as at 1st January 2014. Non-investment property is now held at a deemed cost since this date as permitted by FRS102.

Montague Chambers is subject to a legal charge in favour of the Millennium Commission in connection with grant funding.

In accordance with an agreement signed and sealed on 29th March 1999, the Chapter would receive the proceeds of the sale of 73 St George's Road and 7 Temple West Mews after repaying sums due to the Church Commissioners of £87,428 and £36,634 respectively.

In addition to the above, the Chapter owns and administers the following freehold properties which are not valued in the financial statements: The Cathedral and Collegiate Church of St. Saviour and St. Mary Overie, together with the 1988 Chapter House and Millennium Buildings which are considered to be inalienable assets and are held for the continuing use and mission of the Cathedral. The freehold of the All Hallows Church site is also owned by the Chapter but it is not valued in the financial statements as it is consecrated property which is excluded from accountability by virtue of section 10 of the Charities Act 2011.

8 Equipment and Plant

Group	Computer Equipment £	Nave Chairs £	Other Assets £	Total £
Cost				
At 1st January 2019	101,562	153,358	624,226	879,146
Additions	-	-	95,446	95,446
At 31st December 2019	<u>101,562</u>	<u>153,358</u>	<u>719,672</u>	<u>974,592</u>
Depreciation				
At 1st January 2019	101,562	153,358	575,843	830,763
Charge for the year	-	-	48,495	48,495
At 31st December 2019	<u>101,562</u>	<u>153,358</u>	<u>624,338</u>	<u>879,258</u>
Net Book Value				
At 31st December 2019	<u>-</u>	<u>-</u>	<u>95,334</u>	<u>95,334</u>
At 31st December 2018	<u>-</u>	<u>-</u>	<u>48,383</u>	<u>48,383</u>
Cathedral				
Cost				
At 1st January 2019	92,664	153,358	542,707	788,729
Additions	-	-	95,446	95,446
At 31st December 2019	<u>92,664</u>	<u>153,358</u>	<u>638,153</u>	<u>884,175</u>
Depreciation				
At 1st January 2019	92,664	153,358	494,324	740,346
Charge for the year	-	-	48,495	48,495
At 31st December 2019	<u>92,664</u>	<u>153,358</u>	<u>542,819</u>	<u>788,841</u>
Net Book Value				
At 31st December 2019	<u>-</u>	<u>-</u>	<u>95,334</u>	<u>95,334</u>
At 31st December 2018	<u>-</u>	<u>-</u>	<u>48,383</u>	<u>48,383</u>

9 Debtors

	Group		Cathedral	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors and users of facilities	95,333	174,736	60,450	75,519
Amounts owed by group undertaking	-	-	30,784	51,255
Other debtors and accrued income	104,398	41,733	104,398	41,733
VAT	8,043	12,983	8,043	12,983
Prepayments	5,296	9,556	5,296	9,556
	<u>213,070</u>	<u>239,008</u>	<u>208,971</u>	<u>191,046</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2019	2018	2019	2018
	£	£	£	£
Tax and social security costs	54,827	51,674	18,336	19,806
Trade creditors	93,386	103,004	80,208	82,929
Accruals	63,817	80,611	57,288	70,994
Deferred Income	20,969	50,260	3,333	1,744
Other creditors	54,746	80,330	54,746	80,330
	<u>287,745</u>	<u>365,879</u>	<u>213,911</u>	<u>255,803</u>

Deferred income

	Group		Cathedral	
	2019	2018	2019	2018
	£	£	£	£
Deferred Income brought forward	50,260	87,150	1,744	15,576
Released in the year	(50,260)	(87,150)	(1,744)	(15,576)
New Provision added	20,969	50,260	3,333	1,744
Deferred Income carried forward	<u>20,969</u>	<u>50,260</u>	<u>3,333</u>	<u>1,744</u>

11 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2018 - £Nil).

No employee received remuneration above £60,000 during 2019. In 2018, one employee received remuneration in the £60,000 to £69,999 band.

The average numbers of all paid employees and clergy during the year were:

	2019		2018	
	Full Time	Part Time	Full Time	Part Time
Clergy	3	2	3	2
Administrative staff	6	3	6	2
Music department	2	12	2	10
Vergers department	4	1	4	1
Works department	1	3	2	3
Visitors	-	3	-	4
Subsidiary undertaking	5	1	5	1
	<u>21</u>	<u>25</u>	<u>22</u>	<u>23</u>

	2019	2018
	£	£
Employee costs for the year		
Salaries and stipends	763,938	746,027
Employer's national insurance costs	63,606	63,174
Employer's pension contributions	39,812	39,842
	<u>867,354</u>	<u>849,044</u>

	2019	2018
	£	£
Dean	36,750	36,032
Sub Dean	29,040	28,471
Canon Residentiary	29,040	28,471
Comptroller	55,976	66,205
	<u>150,806</u>	<u>159,179</u>

Expenses of ex-officio Chapter members		
Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	1,578	1,637
Travel	1,366	1,331
Hospitality	14,377	16,150
Other	838	276
	<u>18,159</u>	<u>19,394</u>

12 Pensions

Southwark Cathedral participates in the Pension Builder Scheme section of Church Workers Pension Scheme (CWPF) for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred

annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Employees of Southwark Cathedral are enrolled in the Pension Builder Classic Scheme of the CWPF which is classed as a defined benefit scheme. The Cathedral contributes up to a matching 5% of the member's basic salary.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102 as it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year are contributions payable. The total charge included in these accounts, including Clergy, is £71,141 (2018: £70,588).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed a deficit of £14.2m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

The legal structure of the scheme is such that if another employer fails, Southwark Cathedral could become responsible for paying a share of that employer's pension liabilities.

13 Auditors' Remuneration

	2019	2018
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,705	15,250
- Non audit services	1,080	2,050
	<u>16,785</u>	<u>17,300</u>

14 Commitments

At 31st December 2019 the Chapter was committed to making the following total minimum lease payments under non-cancellable operating leases on office equipment in the year to 31st December 2019:

	2019	2018
	£	£
Payments due within one year	19,693	15,573
Payments due between one and two years	19,693	12,107
Payments due between two and five years	16,850	28,931
	<u>56,236</u>	<u>56,611</u>

In the previous year, the Cathedral was committed to making payments of £7,992 to Innovate Lifts representing the final payment for work to install the new platform lift in Lancelot's Link. No similar commitments existed for the current year.

15 Unrestricted Funds

Set out below are figures for the unrestricted General and Property Funds and Southwark Cathedral Enterprises.

Year to 31st December 2019

	General Fund £	Cathedral Enterprises £	Property & Asset Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	510,671	-	-	510,671
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	224,795	-	-	224,795
Trading and fundraising	-	823,367	-	823,367
Investments	151,616	-	-	151,616
Other income	-	-	-	-
Total income	887,082	823,367	-	1,710,449
EXPENDITURE ON:				
Raising Funds	134,824	440,365	-	575,189
Charitable Activities:				
Ministry	425,853	-	-	425,853
Cathedral and precincts upkeep	589,543	-	16,441	605,984
Education and outreach	80,325	-	-	80,325
Community, parish and congregation	80,492	-	-	80,492
Other expenditure	3,484	-	-	3,484
Total Expenditure	1,314,521	440,365	16,441	1,771,327
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(427,439)	383,002	(16,441)	(60,878)
Net gains on Investments	-	-	50,000 [▼]	50,000
Net income/(expenditure)	(427,439)	383,002	33,559	(10,878)
Gross transfers between funds	368,231	(431,623)	63,392	-
Net Movement in Funds	(59,208)	(48,621)	96,951	(10,878)
Funds brought forward	248,038	57,999	923,383	1,229,420
Total Funds Carried Forward	188,830	9,378	1,020,334	1,218,542

The transfer from Cathedral Enterprises to the General Fund represents the amount transferred under Gift Aid from Southwark Cathedral Enterprises Ltd as a contribution to the running costs of the Cathedral.

15 Unrestricted Funds (continued)

Year to 31st December 2018

	General Fund £	Cathedral Enterprises £	Property & Asset Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	729,073	-	-	729,073
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	264,897	-	-	264,897
Trading and fundraising	-	791,166	-	791,166
Investments	125,850	-	-	125,850
Other income	-	-	-	-
Total income	1,119,820	791,166	-	1,910,986
EXPENDITURE ON:				
Raising Funds	170,874	424,585	-	595,459
Charitable Activities:				
Ministry	428,951	-	-	428,951
Cathedral and precincts upkeep	528,375	-	31,847	560,222
Education and outreach	79,004	-	-	79,004
Community, parish and congregation	86,254	-	-	86,254
Other expenditure	3,950	-	-	3,950
Total Expenditure	1,297,408	424,585	31,847	1,753,840
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(177,588)	366,581	(31,847)	157,146
Net gains on Investments	-	-	175,000	175,000
Net income/(expenditure)	(177,588)	366,581	143,153	332,146
Gross transfers between funds	157,944	(358,643)	200,699	-
Net Movement in Funds	(19,644)	7,938	343,852	332,146
Funds brought forward	267,682	50,061	579,531	897,274
Total Funds Carried Forward	248,038	57,999	923,383	1,229,420

The transfer from Cathedral Enterprises to the General Fund represents the amount transferred under Gift Aid from Southwark Cathedral Enterprises Ltd as a contribution to the running costs of the Cathedral.

16 Restricted Income Funds

Year to 31st December 2019

	Choir Funds £	Other Restricted Income £	Property Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	12,514	186,711	26,795	226,020
Grants in support of mission	-	218,257	2,964	221,221
Charges and fees arising in course of mission	10,267	-	-	10,267
Trading and fundraising	-	-	-	-
Investments	23,548	385	-	23,933
Other income	-	-	-	-
Total income	46,329	405,353	29,759	481,441
EXPENDITURE ON:				
Raising Funds	3,694	7,337	-	11,031
Charitable Activities:				
Ministry	23,548	202,819	-	226,367
Cathedral and precincts upkeep	-	82,495	32,215	114,710
Education and outreach	-	63,910	-	63,910
Community, parish and congregation	-	5,915	-	5,915
Other expenditure	-	-	-	-
Total Expenditure	27,242	362,476	32,215	421,933
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	19,087	42,877	(2,456)	59,508
Net gains on Investments	-	-	3,694	3,694
Net income/(expenditure)	19,087	42,877	1,238	63,202
Gross transfers between funds	-	-	-	-
Net Movement in Funds	19,087	42,877	1,238	63,202
Funds brought forward	81,609	-	32,833	114,442
Total Funds Carried Forward	100,696	42,877	34,071	177,644

16 Restricted Income Funds (continued)

Year to 31st December 2018

	Choir Funds £	Other Restricted Income £	Property Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	33,800	161,676	331,382	526,858
Grants in support of mission	570	234,677	38,038	273,285
Charges and fees arising in course of mission	9,255	-	-	9,255
Trading and fundraising	-	-	-	-
Investments	20,928	342	-	21,270
Other income	-	-	-	-
Total income	64,553	396,695	369,420	830,668
EXPENDITURE ON:				
Raising Funds	30,318	6,922	-	37,240
Charitable Activities:				
Ministry	20,928	192,799	-	213,727
Cathedral and precincts upkeep	-	100,304	346,480	446,784
Education and outreach	-	94,363	-	94,363
Community, parish and congregation	-	2,307	-	2,307
Other expenditure	-	-	-	-
Total Expenditure	51,246	396,695	346,480	794,421
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	13,307	-	22,940	36,247
Net gains on Investments	-	-	(301)	(301)
Net income/(expenditure)	13,307	-	22,639	35,946
Gross transfers between funds	-	-	-	-
Net Movement in Funds	13,307	-	22,639	35,946
Funds brought forward	68,302	-	10,194	78,496
Total Funds Carried Forward	81,609	-	32,833	114,442

17 Endowment Funds

Year to 31st December 2019

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	-	76,542	-	76,542
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-
Trading and fundraising	-	-	-	-
Investments	-	-	-	-
Other income	-	-	-	-
Total income	-	76,542	-	76,542
EXPENDITURE ON:				
Raising Funds	-	-	-	-
Charitable Activities:				
Ministry	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-
Education and outreach	-	-	-	-
Community, parish and congregation	-	-	-	-
Other expenditure	-	-	-	-
Total Expenditure	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS				
	-	76,542	-	76,542
Net gains on Investments	-	1,009	61,660	62,669
Net income/(expenditure)	-	77,551	61,660	139,211
Gross transfers between funds				
	-	-	-	-
Net movement in funds	-	77,551	61,660	139,211
Funds brought forward	15,250,000	318,117	670,521	16,238,638
Total Funds Carried Forward	15,250,000	395,668	732,181	16,377,849

17 Endowment Funds (continued)

Year to 31st December 2018

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	-	-	7,789	7,789
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-
Trading and fundraising	-	-	-	-
Investments	-	-	-	-
Other income	-	-	-	-
Total income	-	-	7,789	7,789
EXPENDITURE ON:				
Raising Funds	-	-	-	-
Charitable Activities:				
Ministry	-	-	-	-
Cathedral and precincts upkeep	-	-	-	-
Education and outreach	-	-	-	-
Community, parish and congregation	-	-	-	-
Other expenditure	-	-	-	-
Total Expenditure	-	-	-	-
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS				
	-	-	7,789	7,789
Net gains on Investments	-	50	(42,681)	(42,631)
Net income/(expenditure)	-	50	(34,892)	(34,842)
Gross transfers between funds				
	-	-	-	-
Net movement in funds	-	50	(34,892)	(34,842)
Funds brought forward	15,250,000	318,067	705,413	16,273,480
Total Funds Carried Forward	15,250,000	318,117	670,521	16,238,638

18 Notes on Funds

Property Fund

That portion of the Property Fund represented by the proceeds of sale of properties formerly belonging to the Cathedral is part of the endowment and can be used to acquire land and to improve or develop property other than the Cathedral buildings. Endowment monies can only be expended on Cathedral buildings with the consent of the Church Commissioners and subject to agreement between the Commissioners and the Chapter that such monies will be repaid. The endowment element of the Fund is £395,668 (2018: £318,117). The restricted element of the fund at the year end is £34,071 (2018: £32,833). The unrestricted element of the fund stands at £1,020,334 (2018: £923,383) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

Buildings Fund

This represents the value of properties owned by the Chapter and is an endowment fund. It was established in 1996 when the Cathedral brought the value of its properties (excluding the Cathedral church and ancillary buildings within the line of ecclesiastical exemption) onto its balance sheet to comply with the requirements of the original Guidelines on Accounting and Reporting by English Anglican Cathedrals. The value of this fund at 31st December 2019 stands at £15,250,000 following the revaluation of Cathedral properties during 2014.

Choirs Endowment Fund

Income from this fund jointly supports the Boys and Girls Choirs and the music of the Cathedral.

Property Endowment Fund

Income from this fund is to be applied to property maintenance of the Cathedral property portfolio.

Choristers Funds

There are two funds, the Choristers Fund and the Girls Choir Fund, administered by the directors of the Boys and Girls Choirs, which are used to finance choir tours and other choir activities. Monies raised from donations and concerts and other fundraising events are accumulated in these funds and expended as necessary.

General Revenue Account

This account is the operating account of the Cathedral. It is primarily an unrestricted fund, although certain immaterial items of income and expenditure during the year are technically restricted.

19 Connected Charities

The entities listed below, for which financial information, subject to audit where appropriate, is set out, are not controlled by the Chapter but are wholly for the benefit of the Cathedral. In accordance with the guidelines on Cathedral Accounting, only the transactions with these entities are included in the consolidated accounts. The information relates to the accounting years ending in 2019 with the exception of the Friends of Southwark Cathedral and Dean of Southwark's Fund where the figures relate to the accounting year ending 31st December 2018 and Southwark Cathedral Education Trust which relates to the accounting year ending 31st March 2019.

	Friends of Southwark Cathedral (1159545)	Southwark Cathedral Education (1058369)	Development Trust (1069914)	Dean's Fund (279354)
	£	£	£	£
Gross income	36,643	67,445	37,293	7,897
Net income before amounts paid to Cathedral	9,904	67,445	(9,871)	7,877
Amounts paid to Cathedral	37,940	-	46,184	7,634
Gross assets	259,408	139,733	990,741	260,504
Net assets	251,390	134,822	975,931	260,504

The Trustees of the Rectory of St. Saviour (207278) was wound up on 24 April 2019 and its assets of £76,542 transferred to Southwark Cathedral.

20 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £
Fund balances at 31st December 2019					
are represented by:					
Tangible fixed assets	-	95,334	-	15,250,000	15,345,334
Investments	-	925,000	23,448	738,279	1,686,727
Current Assets	721,938	-	231,239	76,542	1,029,719
Current Liabilities	(232,999)	-	(54,746)	-	(287,745)
Inter-fund loan	(290,731)	-	(22,297)	313,028	-
Total net assets	<u>198,208</u>	<u>1,020,334</u>	<u>177,644</u>	<u>16,377,849</u>	<u>17,774,035</u>

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2018 £
Fund balances at 31st December 2018					
are represented by:					
Tangible fixed assets	-	48,383	-	15,250,000	15,298,383
Investments	-	875,000	19,754	675,610	1,570,364
Current Assets	883,767	-	195,865	-	1,079,632
Current Liabilities	(285,549)	-	(80,330)	-	(365,879)
Inter-fund loan	(292,181)	-	(20,847)	313,028	-
Total net assets	<u>306,037</u>	<u>923,383</u>	<u>114,442</u>	<u>16,238,638</u>	<u>17,582,500</u>

The inter-fund loan represents the accumulated balance of endowment fund assets which has been used to support other unrestricted and restricted fund programmes, particularly the Millennium Project and other property improvements.

21 Cash flow notes

Reconciliation of net income to net Cash flow from operating activities:	2019	2018
	£	£
Net income for the reporting period (as per SOFA)	75,172	201,182
Adjustments for:		
Depreciation charges	48,495	42,904
Income added to Endowment capital	-	(7,789)
Income from property and investments	(175,549)	(147,120)
(Increase)/decrease in stock	(286)	2,609
Decrease in debtors	25,938	25,267
(Decrease)/increase in creditors	(278,833)	28,087
Net cash (used in)/provided by operating activities	<u>(305,063)</u>	<u>145,140</u>
Analysis of cash and cash equivalent	2019	2018
	£	£
Cash in hand/held as Investment	784,337	808,598
Total cash and cash equivalents	<u>784,337</u>	<u>808,598</u>