

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2020

**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

The year 2020 was dominated as never before by one event: the coronavirus pandemic. This had a profound effect on the worshipping life of the Cathedral community and on every aspect of our life. With the government announcement on Monday 23rd 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. One year on and this situation has not changed as we struggle through the third national lockdown. However, there were times when a semblance of normal life could resume in the summer of 2020. The Cathedral re-opened for private prayer and then, for a strictly limited number of people, for worship in July and remained open for the rest of the year. It was only at the urging of the Mayor of London and the Leader of the local borough council that the Chapter took the difficult decision to shut the Cathedral for worship and private prayer again on 11 January 2021 in response to the huge increase in virus cases and consequent pressure on the National Health Service.

Whenever worship was possible on site, we were pleased to be able to involve our musicians and so, working closely within government guidance, we have been able to employ our lay clerks, and for a short time in November and December, our choristers, to enhance our worship which has been a source of comfort and inspiration to those present in person or online during dark days. Worship in person has only been part of the story of 2020. Within days of the first national lockdown being announced, the clergy team, led by me, and supported by Mark Charlton, our head of IT, set up the necessary equipment to broadcast worship from the Cathedral or, when that was not possible, from the entrance hall of the Deanery. Holy Week and Easter took on a very different appearance in April with all our services broadcast online from the Deanery including Morning and Evening Prayer seven days a week. From the summer onwards the whole clergy have joined in broadcasting from the Cathedral and their homes.

The number of people engaging with these worship broadcasts has shown that we not only stayed in contact with our regular congregation but that we started to develop a new online community of worshippers from across London and, in fact, the world. The level of donations that we received and the commitment from the regular congregation to their ongoing stewardship giving suggested that the effort put into keeping in touch and giving access to worship for people at a time when churches across the country were closed, has been greatly appreciated. As the weeks went by the broadcasts became increasingly sophisticated with pre-recorded readings and prayers from members of the congregation of the Cathedral and our sister church of St Hugh which was also closed and pre-recorded music by the lay clerks organised by the Director

of Music, Ian Keatley. When worship was allowed again in the Cathedral the online broadcasts continued and Morning and Evening Prayer on our YouTube channel and on Facebook are attracting regular congregations in excess of 50 at the time of broadcast whereas prior to the pandemic only a handful of people were present in the Cathedral. Average congregations overall for each of the daily services is around 400 and for the Sunday Eucharist around 750.

The national lockdown meant the closure of all of our commercial activities, but as soon as it was possible we re-opened the site to visitors. The Commercial Director, Emma Allen, and our retail and visitors Services Manager, Jon Dollin, developed a safe one-way system around the site for visitors and we were able to re-open the shop and café. Inevitably visitor numbers were down on previous years with the lack of international tourists and averaged about 20% of normal in the summer months. Martin Smith, our Facilities Manager, worked hard to make the Cathedral Offices in Montague Chambers a “COVID-secure” working environment for our staff who returned on a part-time basis from September before government advice once again encouraged staff to work from home whenever possible.

Throughout the year, many of our staff have been furloughed either completely or on a part-time basis and some staff have been furloughed since March 2020. The Senior Management Team have made it a priority to keep in touch with staff working from home or on furlough leave through a weekly email bulletin and a weekly “Zoom tea” where staff can chat and catch up with news. We also hold monthly staff meetings on Zoom to keep everyone up to date. Throughout the last year we have been keen to reassure staff on furlough that they are making an important contribution to the financial survival of the Cathedral. Even if they cannot work they are helping out by agreeing to be on furlough leave enabling the Cathedral to claim 80% of the salary costs from the government under the Coronavirus Job Retention scheme. The support from central government has also allowed us to retain staff at a time when much of the normal work of the Cathedral has been suspended. We did need to make two redundancies during the course of the year but we are pleased that we have been able to retain the vast majority of posts meaning that when the current restrictions are over we should be able to re-open quickly and resume our normal mission and ministry.

Away from the pandemic, and before the first lockdown, we were pleased to receive a favourable report following the audit of the Cathedral’s safeguarding policies and procedures carried out by the Social Care Institute for Excellence at the end of February. More details can be found on page 9.

February was also the month in which we welcomed the production team of the Netflix drama *The Crown* for several days filming for the fourth series. This provided a very welcome financial boost given the effect of the lockdown soon afterwards.

There were some significant changes to our clergy team during the course of the year and more details on these can be found on page 19.

The Cathedral Cat, Doorkins Magnificat, to give her her full name, sadly died on 30 September 2020 after a short, but happy, retirement living with the Head Verger, Paul Timms. There was a thanksgiving service for her life in the Cathedral which has been watched online by more than 65,000 people and this showed what an important part in our lives she had played since first joining our community back in 2008. The Doorkins range of merchandise available from the shop has brought in literally thousands of pounds each year but her contribution was much more than that to the many people who came from all over the world to try and catch a glimpse of her in the Cathedral. We have also enjoyed 12 years without a rodent problem in the Cathedral since her arrival. She will be greatly missed but her successor arrived later in the autumn in the form of a rescue cat called Hodge introduced to us by Cat Cuddles. We look forward to getting to know Hodge in the coming months and there will soon be an appropriate range of merchandise to purchase in the shop.

In 2018, the Cathedral Chapter had 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 supporting plans for our worship and liturgy, our buildings, our commercial activities, our staff, our Learning Centre and our communications. Inevitably, our priorities have been affected by the pandemic and the Chapter is now focussing on a phase of rebuilding after we have moved out of the survival phase we currently find ourselves in. A new version of the masterplan was drawn up by the Chapter in autumn 2020 following input from staff and congregational members via an online questionnaire and this will be the focus of our work in the coming years.

One important area identified in the original 2018 Masterplan was improving access to and within the Cathedral. 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. The first stage of this work was able to start in October 2020 with the creation of a ramp in the north transept replacing the step from the nave level. This work was made possible by our successful application to the government's Culture Recovery Capital Works Fund 2020 and further details can be found on page 6.

The Chapter has identified its priorities as for the year ahead as follows:

- To 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 Chief Operating Officer (as successor to the Comptroller);
- Begin working through the list of actions contained in the latest version of our Masterplan (drawn up by the Chapter to reflect the new challenges presented by the pandemic and its aftermath);
- 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;
- 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 on space in Montague Chambers and save money on our day-to-day activities;
- Obtain the necessary statutory permissions to enable the next stage of the 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.

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 prior to the pandemic.

Sunday Services

8.45am Morning Prayer
9.00am Eucharist
11.00am Choral Eucharist
3.00pm Choral Evensong
6.00pm '6.00 at Southwark' *

Weekday Services

8.00am Morning Prayer
8.15am Eucharist
12.30pm Midday Prayer
12.45pm Eucharist
5.30pm Choral Evensong (or Evening Prayer when the choir is on holiday)

Saturday Services

9.00am Morning Prayer
9.15am Eucharist
4.00pm Choral Evensong (sung by a Visiting Choir) or Evening Prayer

* 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.

Since we re-opened for public worship in July, the principal service on a Sunday was the 11am Choral Eucharist which was attended by around 120 people. Prior to lockdown this service had an average attendance of 290 each week but these numbers were strictly limited due to social distancing requirements after re-opening. However, a new online congregation has developed, not all of whom were existing worshippers prior to 2020.

The average number of people viewing our online services is as follows:

Daily Morning Prayer:	439
Daily Night Prayer:	402
Sunday 11am Eucharist:	740

Our Christmas services were well attended online as well with over 1,100 watching the Carol services and 900 watching Midnight Mass on Christmas Eve in addition to the small number of people present in the Cathedral.

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.

In the 2019 annual report we noted that the size of the Cathedral's regular congregation had declined somewhat when compared to previous years. It is difficult to estimate the current size of the congregation as attendance at worship has been limited by coronavirus restrictions. However, as mentioned above, there is a new and growing online community of worshippers watching our services via social media. 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 September 2020, the total membership on the electoral roll stood at 402 (up from 362 at the April 2019 meeting).

People living in the parish are welcomed into the Cathedral as their parish church for baptisms, weddings and funerals although, like everything else in 2020, the number of such events was severely limited by the restrictions imposed by the pandemic. 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-Hill whose ministry is shared by St George the Martyr's, 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 pandemic meant that the shelter was not able to run in the 2020-21 winter period.

Parents and toddlers enjoy using the *crèche* facilities and the number of children attending Junior Xpress 1 and 2 had been increasing in recent years. Once again the pandemic meant that this work was suspended while the Cathedral was closed for worship and did not return during the autumn due to severe restrictions on numbers able to attend worship in the Cathedral. The challenge for 2021 and beyond will be to rebuild this work as life begins to return to something closer to normality.

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 (which looks 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 2020 the sum donated was £28,120 (£27,690 in 2019). 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 2020 were as follows:

USPG, The Manna Society, Bethlehem Hospital, Praxis, Lalgadh Leprosy Hospital in Nepal, Power the Fight, Ascension Trust, XLP and the London Wildlife Trust who all received equal shares of the available funds – £2,812.

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 2020 (the same level as in 2019) 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 the Cathedral's 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 their giving without explanation and we do not exert pressure on regular worshippers to donate. Our complaints policy sets out the process by which concerns can be raised. More detail on our sources of voluntary income is given on page 12 and in note 2 of the accounts on page 35.

Our ongoing fundraising, channelled through the Southwark Cathedral Development Trust (Charity Number 1069914), to endow the Cathedral's music, undertake major works to the organ, carry out repair work on the Cathedral church, and fund new social mission work in the parish and local area, is now in its tenth year. The focus shifted in 2020, in response to the financial challenges presented by the coronavirus pandemic, towards applications to support the salary costs and continuing ministry costs of the Cathedral through the various schemes set up by the Cathedrals Sustainability Fund (administered by the Church Commissioners) and the government through the Culture Recovery Fund. Our Fundraiser Tom Poole, whose salary costs are covered by Southwark Cathedral Development Trust, made successful applications to the Cathedrals Sustainability Fund for extra support towards commercial staff salaries totalling £78,738 including salary funding for a new Event Sales and Marketing post (for the period 2021-2023) and increased salary funding for the Commercial Director in 2020-21, thereby doubling the previously agreed Cathedrals Sustainability Fund funding for this period. We made a successful application to the Cathedrals Sustainability Fund for a grant to support the cost of the lay clerks for September to December 2020, receiving a total of £22,064. We also received a music revenue funding grant of £35,300 from the Cathedral Choirs' Emergency Fund (for January – July 2021 music costs). The Saddlers' Company made a grant of £2,500 towards the Cathedral's music.

We received two grants from the Allchurches Trust grant totalling £25,000 in 2020 which were allocated across three project areas: the Cathedral's running costs (especially important due to the pandemic); the accommodation costs of the Assistant Curate; and the accommodation costs of the Education Officer. The annual grant provides very important funding for daily mission and ministry of the Cathedral.

We submitted a bid to the Culture Recovery Fund for Heritage to fund repair works at the Cathedral, including essential repairs to the heating system, repairs to the north transept floor, and conservation of medieval masonry in the nave. We received a grant of £93,850 towards the £117,318 cost of the works, which started in October and are expected to be completed in March 2021 (additional funding was received

via Southwark Cathedral Development Trust in October 2019 in the form of a private donation totalling £8,750 toward the conservation work and the Development Trust agreed to make a grant of £14,718 to the Cathedral for the remaining cost of the works). A second grant of £6,800 was received from the Culture Recovery Fund in February 2021 which enabled us to complete the removal of asbestos found in the course of the heating repair works and also to pay for additional archaeological recording work on the north transept and medieval masonry projects.

Aside from the fundraising listed above (all of which was paid directly to the Cathedral), Southwark Cathedral Development Trust raised £44,787 in 2020 (included in "Income from Friends and local trusts" in Note 2 of the accounts on page 35), of which £142 was for fabric works, £510 for additional works following the re-hanging of the bells in 2016, and £23,827 for music. The Development Trust received a further legacy payment from the estate of the late John Trevor Williams (former Southwark Cathedral Comptroller) of £10,307 and 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 the Fundraiser.

We are also fortunate to have the support of the Friends of Southwark Cathedral who, in normal years, 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 to raise valuable funds for the Cathedral as well as providing opportunities for fellowship. Although much of this work was not possible during 2020, we were fortunate to receive a total of £14,307 from the Friends including £11,014 towards repairs to the parish door, £2,793 towards the installation of the new organ console camera system and £500 towards the live streaming of services.

As a result of the pandemic, we moved quickly to promote ways of giving to the Cathedral via our website and social media with direct appeals for giving at the end of the live streamed services. Facebook Giving and text donations (via Donr) were set up to provide additional ways to support the Cathedral. In addition, Contactless donation units funded by members of the congregation in 2019 meant the Cathedral was able to generate £11,467 via onsite contactless donations in 2020 (in a Covid-secure way). 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 presently 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 undertaken and this was completed in early 2020. 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. This is an area that will require continued focus as we prepare to implement the Cathedrals Measure requirements and register with the Charity Commission.

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 been an essential part of that; the Cathedral is susceptible to any change in circumstances which affects income-earning potential. The national restrictions put in place as a result of the pandemic tested the financial stability of the Cathedral as never before. Our commercial activities have been severely affected but we are fortunate that many other sources of income have held up well including congregational planned giving and our income from property. The size of our cash reserves meant that we did not need to seek outside financial assistance except for a £50,000 "bounce back" loan for Southwark Cathedral Enterprises to support the company's cashflow and prevent the possibility of trading insolvent. The support from the central Church and government referred to elsewhere in this report have also helped to sustain cashflow levels throughout the year. 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 ensure they provide a safe environment for those who use and visit them. Our property 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.

Operational 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 two who help to deliver the large amount of in-house safeguarding training required. We also receive considerable support and advice from the Diocesan Safeguarding Team.

Any potential gaps in good practice identified by the Cathedral's 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.

In February 2020, our safeguarding policies and procedures were audited by the Social Care Institute for Excellence (as part of a programme to audit all English Cathedrals and Dioceses). The report that resulted was very favourable and remarked on the way in which a culture of safeguarding awareness and best practice was detectable at all levels of the Cathedral organisation. Our training and recruitment policies were also commended. An action plan has been drawn up from the report's recommendations and the Chapter, Senior Management Team and staff are working through those actions over the course of the next few months.

Training was put on hold during the pandemic after 85 people had attended Foundation module courses in January and February 2020. Some training has been done online but there is a clear preference among our staff (both paid and volunteer) for face-to-face training wherever possible and we hope to be able to re-start this in summer 2021. We employ a Safeguarding Administrator to help with the planning and administration of training sessions and Disclosure and Barring Checks.

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.

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 pandemic and the effect that has had on national life, not least in shutting down the Cathedral from mid-March until early July and the further restrictions put in place in November and December, had a profound effect on our sources of income during the course of the year. Our commercial activities ceased on 23rd March with the first national lockdown and with it the income we derive from conferences, special events, our visitors and retail. We were fortunate that many other income streams were largely 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. One of the most striking aspects of this period was the continued strong commitment on the part of the congregation to supporting the Cathedral through planned giving even when we were unable to offer public worship. The Chapter are extremely grateful for commitment shown by so many of our existing donors as well as the new congregational members joining us for the first time via our online worship.

We have taken advantage of government support through the Coronavirus Job Retention Scheme that has allowed us to place the majority of our staff on furlough leave while the Cathedral was closed, and also allowed a flexible part-time return to work during the uncertain periods in between. We received grants to cover 80% of their salary costs totalling £159,552 for both Cathedral and Enterprises staff across the year. We also received £27,000 from the local authority in the form of grants for small retail and hospitality businesses forced to close due to the lockdown restrictions. With the Cathedral site closed, we also made savings on our usual office costs and our utilities.

The Church Commissioners have also been a source of huge support throughout this period. Payment of their annual grant to cover some lay salaries was made upfront in April rather than month by month which helped our cashflow in the early part of the lockdown and support through the Cathedral's Sustainability Fund towards the salary costs of our Commercial Director increased to compensate for the lower than expected commercial income out of which the salary costs for this post are met. The Church Commissioners also provided valuable support in the form of a grant for the cost of the lay clerks who we were able to continue to engage to provide music throughout the year at our online worship and, when we were able to re-open, at our Sunday services.

The effect of all of this financial support has meant that the deficit for the year has been kept down to £93,386 whereas earlier predictions in 2020 pointed to a much worse scenario. The reserves built up in previous years have also ensured that we remain financially viable even during these unprecedented times.

For the period covered by the financial statements contained in this report, January to December 2020, there was a decrease in unrestricted funds of £130,069 (before investment gains) compared with a decrease of £60,878 in 2019 (see the Consolidated Statement of Financial Activities on page 29 and note 15 of the accounts on page 45). The difference is largely due to decline in our commercial income during the pandemic. Southwark Cathedral Enterprises was unable to make a charitable donation from the profits in 2020 whereas in 2019 the figure was £431,623. The fact that the overall decrease in unrestricted funds was much lower than initially feared was due to the reduction in costs because the Cathedral site was closed for a large part of the year and the extra support we received in the form of grants as set out in the paragraphs above.

Most of our expenditure is on our staff costs and more details can be found in "Our People" on page 19.

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 the more rigorous expenditure approval regime introduced in early 2019 has ensured that 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 five-year time-frame and take decisions about preventative maintenance that will reduce costs in the long term. The creation, in 2019, of the role of Commercial Director strengthened our management team and brought new commercial skills and experience to bear on our income-generating activities albeit that ambitious plans for increasing our turnover were put on hold by the pandemic. Nevertheless, by taking these steps, the Finance Committee and Chapter believe that it will be possible to return to our objective of delivering surpluses each year from 2022 when the effects of the pandemic are expected to have receded.

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 2016. Figures for income and expenditure combine all unrestricted, restricted and endowment elements together.

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Income					
Donations and legacies	573	813	1,264	1,152	837
Grants in support of mission	417	221	273	210	244
Charges and fees	108	235	274	257	230
Trading	355	823	791	708	671
Investments	187	176	147	197	144
Total income	1,640	2,268	2,749	2,524	2,126
Expenditure on:					
Raising funds	543	586	633	565	586
Ministry	520	652	643	684	608
Cathedral and precincts upkeep	521	721	1,007	1,013	684
Education and outreach	68	144	173	189	156
Community, parish, congregation	74	86	88	87	73
Other expenditure	2	4	4	3	3
Total expenditure	1,728	2,193	2,548	2,541	2,110
Net income before investment gains	(88)	75	201	(17)	16
Net gains on investments	(5)	116	132	41	50
Net movement in funds	(93)	191	333	24	66
Funds					
Unrestricted Funds	1,098	1,218	1,230	897	933
Restricted Funds	222	178	114	78	(161)
Endowment Funds	16,361	16,378	16,239	16,274	16,453
Total Funds	17,681	17,774	17,583	17,249	17,225

Income

Total consolidated income for 2020 was £1.64 million compared with £2.27 million in 2019. 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 £255,226 in 2020 compared with £377,570 in 2019. The 2020 figure was below expectations and resulted from the fact that congregational giving in the "plate" at services declined by about 80% during the year as our worship moved online or the numbers attending were restricted to comply with coronavirus safety requirements. A significant proportion of the sum received is tax recovered under gift-aided donations which accounted for £74,042 across all forms of giving in 2020 (£74,043 in 2019).

We did not receive any legacies in either 2020 or 2019. 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 £141,313 which is slightly lower than in 2019 (£161,315) but included some generous one-off gifts to help the Cathedral's finances during the first lockdown. We also received £102,682 from the local trusts, including £3,298 from the Cathedral Friends and £26,031 from the Development Trust (principally for Cathedral music).

Grants in support of mission

The Church Commissioners made a grant of £262,515 (2019: £203,679) including £131,307 (2019: £69,257) 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 £104,976 (2018: £134,152) covers the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Precentor. We also received a grant of £26,232 (2019: £8,744) from the Cathedrals Sustainability Fund towards the salary of the new Commercial Director. A further £147,167 was received through the government's Coronavirus Job Retention Scheme to support the salary costs of furloughed staff.

Charges and fees

Income from charges and fees decreased in 2019 to £107,827 compared to £235,062 in 2019. 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. The closure of the Cathedral for part of the year and the effect of tightening lockdown restrictions in the lead up to Christmas resulted in many fewer special services and carol services taking place and the income decreased substantially as a result.

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 27 and detailed in note 5 to the accounts on page 39. In 2020 the gross income was £354,971, down substantially from £823,367 in 2019. For the first time in its history, the company made a loss (of £24,097) meaning that it was unable to make a gift-aided donation to the Cathedral in 2020. This compared to a profit in 2019 of £383,002 and a gift-aided donation of £431,623.

Income from our trading activities was severely affected by the coronavirus pandemic with turnover decreasing by 57% year-on-year. The sales team, led by Rose Harding, worked hard to secure whatever business was possible given the range of restrictions on social gatherings and meetings that existed throughout the year. Conference business was particularly badly hit with almost no bookings after mid-March. We were fortunate, however, to secure some filming for Series 4 of the Netflix Series *The Crown* in February which helped to bring in badly needed income before the national lockdown. Special events brought in income of £109,974 compared with £212,227 in 2019 while conferences brought in a further £69,256 (compared to £284,375 in 2019). Overall, our conferences and events activity made a small loss of £2,950 (on a turnover of £179,230) compared to a profit of £329,763 in 2019 (on a turnover of £496,602).

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. We hope that many of these groups will return to us once the pandemic is over as these events 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 were badly hit by the pandemic and, even after the Cathedral re-opened in July, the numbers were only around 20% of the levels seen in 2019. The almost total absence of foreign tourists had a big impact also on our footfall in the shop which made a loss of £40,012 (compared to a profit of £6,875 in 2019) although this was partially offset by grants of £27,000 from local government to the retail sector forced to close due to the lockdown. Turnover fell from £187,016 in 2019 to just £48,860 in 2020.

In August 2019, our new catering partner, LEAFI, took over the catering operations on site and The Refectory was re-branded as the Café. This change of management was accompanied by an injection of capital investment at the start of the contract in which the premises were redecorated and the interior re-configured to increase seating capacity. £25,166 was delivered by the catering partners in the form of concession rent (based on a percentage of public and event catering sales) compared to £85,516 in 2019. Again, the impact of the pandemic meant that the original projections for turnover could not be achieved.

Income from our tourist-related activity was badly hit by the lockdowns but we were able to run a few, socially-distanced events in the summer and autumn which meant that a profit of £12,454 was generated on a turnover of £17,495 in 2020 (down from a profit of £46,160 on turnover of £54,233 in 2019).

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 for the land that we own between the Herb Garden at the east end of the Cathedral and London Bridge. Additional rental income was received from renting out the Succentor's flat at St Paul's Vicarage following the departure of the Revd Rachel Young in February 2020, and also 7 Temple West Mews following the departure of Canon Gilly Myers and prior to the refurbishment of the property before the new Canon Precentor, Andrew Zihni, moved in in February 2021. Income from property was £166,300 in 2020 compared to £149,261 in 2019 (which included 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). Our let property costs in 2020 were £27,325 (2019: £17,782) which reflects the age and condition of our current property portfolio.

Income from our investments amounted to £20,756 (2019: £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 2020 was £1.73 million compared with £2.19 million in 2019. 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 2020 was £542,892 compared with £586,220 in 2019. The largest component in this is £384,435 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 £519,791 in 2020 (2019: £652,220) 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. The figure also includes collections that are taken on behalf of external charities and subsequently paid away. The lower figure in 2020 reflected the fact that the costs of services and music had reduced as worship moved online and the choir sang much less frequently.

Cathedral and precincts upkeep

Major repairs and restoration work form a small part of the £520,465 spent on Cathedral and precincts upkeep in 2020 (2019: £720,694). The total value of major works to the Cathedral in 2020 amounted to

£31,451. This was almost the same as in the previous year (2019: £32,215) and reflected the fact that there were no major works carried out on the Cathedral church during this period.

The other significant element in this category is the day-to-day maintenance of the Cathedral Church and its precincts. The staff of four 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 £489,014 compared with £688,479 in 2019. With the building being closed for four months and far less visitor traffic for the rest of the year, maintenance costs were consequently reduced. The higher figure for 2019 also included major refurbishment works on the Director of Music's house at 52 Bankside and installation of new dumb waiters in the Café. There were no works of this scale carried out in 2020.

Education and outreach

Education and outreach accounted for £68,423 (2019: £144,235) 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 2020 are listed under "Cathedral worship and parish life" on page 4.

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 2020, the Education Officer, The Revd Lisa Bewick, continued her work with the Junior and Youth Express groups in response the Cathedral's masterplan priorities but this was severely restricted due to the pandemic and will need to be rebuilt once normal life returns.

Congregation, parish and community

A total of £73,961 was incurred during the year relating to parish activity (2019: £86,407). 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 £248,395 in 2020 (2019: £264,247).

Investments

The value of the Cathedral's investments, managed by Investec, (excluding the property at All Hallows Hall valued at £935,000) amounted to £822,753 at the end of the year (2019: £731,727). There was a net decrease on revaluation (including an increase of £10,000 on the property at All Hallows Hall) of £5,516 while £76,542 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 0.51% against a benchmark increase for the year of *minus* 0.3%. After a turbulent year for the markets due to the economic effects of the pandemic, a strong fourth quarter ensured that our investments did not lose value over the course of the year. 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 £1,098,473 at the end of the year compared to £1,218,542 at the end of 2019. Of these funds £81,147 (2019:£198,208) represent free reserves comprising the General Fund. The remainder consists of £1,017,326 (2019: £1,020,334) 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 three years leading up to 2020 before the pandemic). Due to the loss of commercial income in 2020 following the lockdown and social distancing restrictions, our free reserves have been badly depleted and we are now much further away from achieving this target than we were at the end of 2019. In order to address this, 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 2020 envisaged a period of stabilisation in 2021 and 2022 followed by increasing surpluses being generated from our normal activities from 2023 onwards when we expect our commercial income streams to enter a growth phase once again. The Cathedral remains a going concern with sufficient reserves to maintain normal day-to-day activities throughout 2021. Our budget for 2021 recognises that lockdown restrictions would remain in place for much of the first half of the year and our cashflow projections take account of that as well as the continuation of the government's support through the furlough scheme and grants via the local authority for retail. The challenge 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 is still available. At the end of 2019 we had expected to reach our target for reserves by 2024. The coronavirus pandemic has meant that this will inevitably take much longer than planned.

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 completed the process in Synod in November 2020 and is awaiting 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 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. Many of these were not able to take place in 2020 due to the pandemic but online alternatives were offered where possible.

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 22, and the procedure for their appointment is set out on page 19.

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, Commercial Director 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 includes 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:

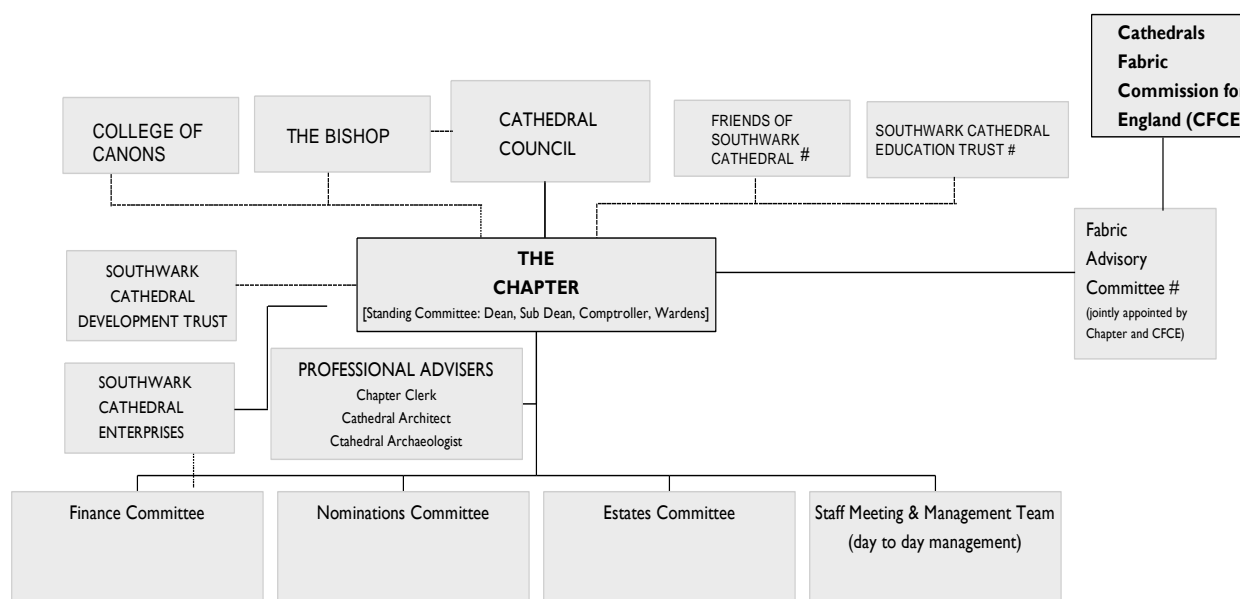
- *Southwark Cathedral Enterprises Limited*

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 27 and detailed in note 5 to the accounts on page 39.

- *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 2020 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 51.

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 normally pays the stipend for a part-time Succentor but, following the departure of the Revd Rachel Young in February 2020, the Chapter took the difficult decision to leave the vacancy unfilled until such time as the financial position of the Cathedral improved following the severe impact caused by the pandemic. The vacancy allowed the Chapter to rent out the Succentor's flat to bring in some welcome additional income.

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 2020, 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.

In the summer Canon Mandy Ford, Canon Chancellor, was appointed as the new Dean of Bristol. Following her departure, Canon Wendy Robins, previously Honorary Curate and Cathedral Chaplain, and Director of Communications for the Diocese of Southwark, was appointed in her place and installed on 13 December 2020.

Our Cathedral employees

The Chapter directly employs 20 full-time and 24 part-time staff (2019: 21 full-time and 25 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).

There were several staff changes in 2020. In June David McEvoy, our part-time verger, left us to devote more time to St Alfege's Church in Greenwich where he is a Reader. The pandemic meant that we reluctantly had to make two posts redundant. Firstly, the complete loss of our commercial income from conferences and the change to hosting meetings online meant that we could no longer support the post of Conference Centre Co-ordinator. We were very sorry to have to lose Helen Caruth who had occupied that post for twelve years, and also that of receptionist for a further five year prior to that. Helen made a very valuable contribution to the work of Southwark Cathedral Enterprises during those 17 years and offered a very high standard of customer service to our regular clients as well as bringing her skills in art and design to the internal decoration of our conference rooms. She will be greatly missed by her colleagues.

We also had to close the part-time post of Assistant to the Canon Precentor and Elaine Dawson left us in July after 3 years supporting Canon Gilly Myers in the huge logistical task involved in organising our special services including the consecrations of bishops and ordinations.

Following the decision of our receptionist and assistant to the Sub Dean, Natasha Kuler, to reduce her working days and relinquish her reception duties, we appointed Julia Tchoudinova to take on the receptionist role.

In August, Matthew Knight, our Comptroller, indicated that he wished to take early retirement and step down from the role at the end of June 2021. Matthew will have been in post for almost sixteen years and has steered our finances and administration through some turbulent times, eliminating our indebtedness from the Millennium project and other building works and building up vital cash reserves. If it was not for the careful work that Matthew did, with the support of Toyin Tukasi, the Cathedral Accountant, and all our staff, we would not have been in the good financial position we found ourselves in at the end of 2019 which has enabled us to weather the pandemic better than would otherwise have been the case. We are all most grateful for Matthew's outstanding contribution over those years. He will be sorely missed. The search for a Chief Operating Officer (the successor post to that of Comptroller) began in January 2021..

In February 2021, Emma Allen, the Commercial Director, announced that she had been appointed as the Head of Commercial Services at the National Museum of the Royal Navy in Portsmouth and would be leaving in April. The appointment of her successor will be made once the new Chief Operating Officer is in place. Although Emma has only been with us for short time she has brought valuable skills and new perspectives to discussions at the Senior Management team and also begun the work of re-imagining how we can use our spaces on the Cathedral site in new ways to reflect changes in the conference and events business following the pandemic.

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. 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 410 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 leaders and helpers, and welcomers. 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 me, provides a useful forum for the different groups to meet and update others on their work.

There was no volunteers' annual party this year due to the pandemic but we hope to restore that annual chance for the Chapter to thank volunteers for their continued commitment and dedication to Cathedral life in 2021.

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 2020 brings 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.

A handwritten signature in black ink that reads "Andrew Nunn". The signature is written in a cursive, flowing style.

Andrew Nunn
Dean

24th March 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 Leanne Roberts, Canon Residentiary
The Revd Canon Wendy Robins, Canon Residentiary
The Revd Canon Andrew Zihni, Canon Residentiary
Mr Matthew Knight, Comptroller
Mrs Linda Hutchinson, Cathedral Warden
Mr Daniel Chumbley, Cathedral Warden
The Revd Canon Joabe Cavalcanti
Ms Amanda Adamson-Hill
Mr Peter Haddock
Mrs Helen Quintrell

There were two changes to Chapter membership during 2020. The Revd Canon Gilly Myers retired as Canon Precentor in March and was succeeded by the Revd Canon Andrew Zihni with effect from 31 January 2021.

The Revd Canon Mandy Ford was appointed Dean of Bristol and left in July 2020. She was succeeded by The Revd Canon Wendy Robins who was installed as Canon Chancellor on 13 December 2020. Prior to this, Canon Wendy Robins had been in attendance at Chapter meetings in her role as Honorary Curate and Cathedral Chaplain.

Statutory office holders

Comptroller

Mr Matthew Knight

The Finance Committee

Mr Richard Cornwell – chairman
The Very Revd Andrew Nunn
The Revd Canon Michael Rawson
Mr Ian Akhurst
Mr Daniel Chumbley
Mr Mike Dyer
Mr Colin Johnston
Mr Matthew Knight
Mrs Barbara Lane
Mr Pip Steen

In attendance:

Mrs Toyin Tukasi – Cathedral Accountant
Ms Emma Allen – Commercial Director
Mrs Emily Halton – 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 Solicitors

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 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Group and Cathedral Balance Sheet, 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 Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and Cathedral's affairs as at 31 December 2020, and of its outgoing 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 the 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

In auditing the financial statements, we have concluded that the Chapter members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and Cathedral's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chapter members' with respect to going concern are described in the relevant sections of this report.

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 Chapter members

As explained more fully in the Chapter members' responsibilities statement set out on pages 18-19, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Cathedral.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Cathedral and considered that the most significant are the Cathedrals Measure 1999, the Cathedral SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the Cathedral complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Moore Kingston Smith LLP

Moore Kingston Smith LLP
Statutory auditor

Date 25 March 2021

Devonshire House
60 Goswell Road
London
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Southwark Cathedral

Consolidated Statement of Financial Activities for the year ended 31st December 2020

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020	Total Funds 2019
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:	2					
Donations and Legacies		457,584	115,679	-	573,263	813,233
Grants in support of mission		-	416,792	-	416,792	221,221
Charges and fees arising in course of mission		107,217	610	-	107,827	235,062
Trading and fundraising		354,971	-	-	354,971	823,367
Investments		168,331	18,725	-	187,056	175,549
Total Income		<u>1,088,103</u>	<u>551,806</u>	<u>-</u>	<u>1,639,909</u>	<u>2,268,432</u>
EXPENDITURE ON:	3,4					
Raising Funds		517,567	25,325	-	542,892	586,220
Charitable Activities:						
Ministry		218,048	301,743	-	519,791	652,220
Cathedral and precincts upkeep		382,469	137,996	-	520,465	720,694
Education and outreach		31,482	36,941	-	68,423	144,235
Community, parish and congregation		66,359	7,602	-	73,961	86,407
Other expenditure		2,247	-	-	2,247	3,484
Total Expenditure		<u>1,218,172</u>	<u>509,607</u>	<u>-</u>	<u>1,727,779</u>	<u>2,193,260</u>
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS		(130,069)	42,199	-	(87,870)	75,172
Net gains on investments	6	<u>10,000</u>	<u>1,612</u>	<u>(17,128)</u>	<u>(5,516)</u>	<u>116,363</u>
Net income/(expenditure)		(120,069)	43,811	(17,128)	(93,386)	191,535
Gross transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movements in funds		(120,069)	43,811	(17,128)	(93,386)	191,535
Reconciliation of funds:						
Total Funds brought forward		<u>1,218,542</u>	<u>177,644</u>	<u>16,377,849</u>	<u>17,774,035</u>	<u>17,582,500</u>
Total Funds carried forward		<u><u>1,098,473</u></u>	<u><u>221,455</u></u>	<u><u>16,360,721</u></u>	<u><u>17,680,649</u></u>	<u><u>17,774,035</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 2020

	Note	Unrestricted	Restricted	Endowment	Total Funds 2020	Total Funds 2019
		£	£	£	£	£
Fixed Assets						
Investment assets	6	935,000	25,060	797,693	1,757,753	1,686,727
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	56,286	-	-	56,286	95,334
		<u>991,286</u>	<u>25,060</u>	<u>16,047,693</u>	<u>17,064,039</u>	<u>17,032,061</u>
Current Assets						
Stocks		39,680	-	-	39,680	32,312
Debtors	9	97,646	7,078	-	104,724	213,070
Deposits and cash		550,753	151,955	-	702,708	784,337
		<u>688,079</u>	<u>159,033</u>	<u>-</u>	<u>847,112</u>	<u>1,029,719</u>
Liabilities due within one year						
Creditors	10	<u>(141,281)</u>	<u>(39,221)</u>	<u>-</u>	<u>(180,502)</u>	<u>(287,745)</u>
Net Current Assets		<u>546,798</u>	<u>119,812</u>	<u>-</u>	<u>666,610</u>	<u>741,974</u>
Total Assets less Current Liabilities		<u>1,538,084</u>	<u>144,872</u>	<u>16,047,693</u>	<u>17,730,649</u>	<u>17,774,035</u>
Liabilities due after one year						
Inter-fund loan	20	<u>(389,611)</u>	76,583	313,028	-	-
Bounce Back Loan	10	<u>(50,000)</u>	-	-	<u>(50,000)</u>	-
Total net Assets		<u>1,098,473</u>	<u>221,455</u>	<u>16,360,721</u>	<u>17,680,649</u>	<u>17,774,035</u>
The funds of the Cathedral: 15-17						
Unrestricted - Cathedral		105,244	-	-	105,244	188,830
Unrestricted - Trading		<u>(24,097)</u>	-	-	<u>(24,097)</u>	9,378
Designated fund		1,017,326	-	-	1,017,326	1,020,334
Restricted		-	91,932	-	91,932	42,877
Choir Funds		-	99,980	716,932	816,912	832,877
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		-	29,543	393,789	423,332	429,739
Total Cathedral funds		<u>1,098,473</u>	<u>221,455</u>	<u>16,360,721</u>	<u>17,680,649</u>	<u>17,774,035</u>

Southwark Cathedral

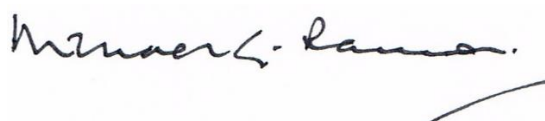
Cathedral Balance Sheet as at 31st December 2020

	Note	Unrestricted	Restricted	Endowment	Total Funds 2020	Total Funds 2019
		£	£	£	£	£
Fixed Assets						
Investment assets	6	935,000	25,060	797,693	1,757,753	1,686,727
Subsidiary undertaking	5	75,903	-	-	75,903	109,378
Tangible assets:						
Property	7	-	-	15,250,000	15,250,000	15,250,000
Equipment and plant	8	56,286	-	-	56,286	95,334
		<u>1,067,189</u>	<u>25,060</u>	<u>16,047,693</u>	<u>17,139,942</u>	<u>17,141,439</u>
Current Assets						
Stocks		-	-	-	-	-
Debtors	9	104,727	7,078	-	111,805	208,971
Deposits and cash		408,217	151,955	-	560,172	637,536
		<u>512,944</u>	<u>159,033</u>	<u>-</u>	<u>671,977</u>	<u>846,507</u>
Liabilities due within one year						
Creditors	10	(92,049)	(39,221)	-	(131,270)	(213,911)
Net Current Assets		<u>420,895</u>	<u>119,812</u>	<u>-</u>	<u>540,707</u>	<u>632,596</u>
Total Assets less Current Liabilities		<u>1,488,084</u>	<u>144,872</u>	<u>16,047,693</u>	<u>17,680,649</u>	<u>17,774,035</u>
Liabilities due after one year						
Inter-fund loan	20	(389,611)	76,583	313,028	-	-
Total net Assets		<u>1,098,473</u>	<u>221,455</u>	<u>16,360,721</u>	<u>17,680,649</u>	<u>17,774,035</u>
The funds of the Cathedral: 15-17						
Unrestricted - Cathedral		105,244	-	-	105,244	188,830
Unrestricted - Trading		(24,097)	-	-	(24,097)	9,378
Designated fund		1,017,326	-	-	1,017,326	1,020,334
Restricted		-	91,932	-	91,932	42,877
Choir Funds		-	99,980	716,932	816,912	832,877
Buildings Fund		-	-	15,250,000	15,250,000	15,250,000
Property Fund		-	29,543	393,789	423,332	429,739
Total Cathedral funds		<u>1,098,473</u>	<u>221,455</u>	<u>16,360,721</u>	<u>17,680,649</u>	<u>17,774,035</u>

Approved by the Chapter and authorised for issue on 24th March 2021



Andrew Nunn
Dean



Michael Rawson
Sub Dean

Southwark Cathedral

Consolidated Statement of Cash Flows as at 31st December 2020

	Note	2020 £	2019 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	21	(268,685)	(104,364)
Cash flows from investing activities:			
Rent received net of costs		166,300	149,261
Investment income received net of costs		20,756	26,288
Purchase of property, plant and equipment		-	(95,446)
Net Cash provided by investing activities		187,056	80,103
Cash flows from financing activities:			
Repayment of borrowing		-	-
Net cash used in financing activities		-	-
Change in cash and cash equivalents in the reporting period		(81,629)	(24,261)
Cash and cash equivalents at the beginning of the reporting period		784,337	808,598
Cash and cash equivalents at the end of the reporting period		702,708	784,337

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.

Going concern

The financial statements are prepared on a going concern basis, which assumes that the Cathedral will continue as a going concern for the foreseeable future. As explained more fully in the Annual Report, whilst the COVID-19 pandemic has had some impact, particularly on the activities of the trading subsidiary, many activities have continued at the Cathedral or online if not possible. Income has held up well and the Cathedral has also benefitted from various grants including the Government's furlough scheme. The Chapter has considered the Cathedral's forecasts and projections for the coming year under various scenarios taking into account the anticipated lifting of current restrictions and have concluded 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 2020

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2020
	£	£	£	£
Donations and Legacies				
Congregational collections and giving	253,432	1,794	-	255,226
Donations and fundraising appeals	96,141	45,172	-	141,313
Tax recoverable under Gift Aid	63,211	10,831	-	74,042
Income from Friends and local trusts	44,800	57,882	-	102,682
Legacies	-	-	-	-
	457,584	115,679	-	573,263
Grants in Support of mission				
Church Commissioners	-	262,515	-	262,515
Other revenue and capital grants	-	154,277	-	154,277
	-	416,792	-	416,792
Charges and fees arising in the course of mission				
Facility and other fees	107,217	610	-	107,827
Trading and fundraising activities				
Gross income of shop, refectory and other activities	354,971	-	-	354,971
Investments				
Income from investment Property	166,300	-	-	166,300
Income from other Investments	706	18,725	-	19,431
Interest receivable on short term deposits	1,325	-	-	1,325
	168,331	18,725	-	187,056
Total 2020	1,088,103	551,806	-	1,639,909

2 Income and Endowments (continued)
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><u>1,710,449</u></u>	<u><u>481,441</u></u>	<u><u>76,542</u></u>	<u><u>2,268,432</u></u>

3 Expenditure on raising funds Year to 31st December 2020

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £
Costs of facilities for visitors	105,667	22,125	-	127,792
Gross costs of shop, refectory and other activities	384,435	-	-	384,435
Costs of appeals and fund raising	140	3,200	-	3,340
Let property costs	27,325	-	-	27,325
	<u>517,567</u>	<u>25,325</u>	<u>-</u>	<u>542,892</u>

4 Expenditure on Charitable Activities Year to 31st December 2020

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2020 £
Ministry				
Clergy stipends and working expenses	2,344	115,095	-	117,439
Clergy housing costs	19,631	-	-	19,631
Clergy support costs	63,525	34,808	-	98,333
Services, music and congregational costs	132,548	151,840	-	284,388
	<u>218,048</u>	<u>301,743</u>	<u>-</u>	<u>519,791</u>
Cathedral and precincts upkeep				
Major repairs and restoration	-	31,451	-	31,451
Vergers and interior upkeep	178,825	32,733	-	211,558
Cathedral insurance	53,805	-	-	53,805
Precincts, security and gardens upkeep	14,190	-	-	14,190
Support costs (see below)	135,649	73,812	-	209,461
	<u>382,469</u>	<u>137,996</u>	<u>-</u>	<u>520,465</u>
Education and outreach				
Educational activities	31,482	7,375	-	38,857
Charitable and other giving	-	29,566	-	29,566
	<u>31,482</u>	<u>36,941</u>	<u>-</u>	<u>68,423</u>
Community, parish and congregation	<u>66,359</u>	<u>7,602</u>	<u>-</u>	<u>73,961</u>
Other expenditure				
Interest and similar charges payable	2,247	-	-	2,247
	<u>2,247</u>	<u>-</u>	<u>-</u>	<u>2,247</u>
Total 2020	<u>1,218,172</u>	<u>509,607</u>	<u>-</u>	<u>1,727,779</u>

Included within support costs are staff and office costs associated with running the Cathedral. Also included are governance costs of £17,267.

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><u>1,771,327</u></u>	<u><u>421,933</u></u>	<u><u>-</u></u>	<u><u>2,193,260</u></u>

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

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:

	2020	2019
	£	£
Turnover	276,251	823,367
Cost of sales	<u>(66,432)</u>	<u>(128,318)</u>
Gross Profit	209,819	695,048
Grant Received	78,720	
Other Operating Costs	<u>(318,003)</u>	<u>(312,046)</u>
(Loss)/profit for the year	(29,464)	383,002
Charitable distribution to the Cathedral	<u>(4,011)</u>	<u>(431,623)</u>
Net movement in reserves	(33,475)	(48,621)
Accumulated profit brought forward	9,378	57,999
Accumulated profit carried forward	<u>(24,097)</u>	9,378
Share capital	<u>100,000</u>	<u>100,000</u>
Net assets	<u><u>75,903</u></u>	<u><u>109,378</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 2020	925,000	23,448	738,279	1,686,727
Additions	-	-	76,542	76,542
Net increase/(decrease) on revaluation	<u>10,000</u>	<u>1,612</u>	<u>(17,128)</u>	<u>(5,516)</u>
Market value at 31st December 2020	<u><u>935,000</u></u>	<u><u>25,060</u></u>	<u><u>797,693</u></u>	<u><u>1,757,753</u></u>
CBF Investment Fund shares	-	25,060	-	25,060
Investec Wealth and Investment portfolio	-	-	797,693	797,693
Investment property at All Hallows	<u>935,000</u>	-	-	<u>935,000</u>
	<u><u>935,000</u></u>	<u><u>25,060</u></u>	<u><u>797,693</u></u>	<u><u>1,757,753</u></u>

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
	£	£	£	£
At 1st January 2020	-	-	15,250,000	15,250,000
At 31st December 2020	-	-	15,250,000	15,250,000

	Endowment Funds	Total Funds
	£	£
Non-investment properties are held and used as follows:		
At 1st January 2020		
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:	2020	2019
	£	£
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 2020	101,562	153,358	719,672	974,592
Additions	-	-	-	-
At 31st December 2020	<u>101,562</u>	<u>153,358</u>	<u>719,672</u>	<u>974,592</u>
Depreciation				
At 1st January 2020	101,562	153,358	624,338	879,258
Charge for the year	-	-	39,048	39,048
At 31st December 2020	<u>101,562</u>	<u>153,358</u>	<u>663,386</u>	<u>918,306</u>
Net Book Value				
At 31st December 2020	<u>-</u>	<u>-</u>	<u>56,286</u>	<u>56,286</u>
At 31st December 2019	<u>-</u>	<u>-</u>	<u>95,334</u>	<u>95,334</u>
Cathedral				
Cost				
At 1st January 2020	92,664	153,358	663,842	909,864
Additions	-	-	-	-
At 31st December 2020	<u>92,664</u>	<u>153,358</u>	<u>663,842</u>	<u>909,864</u>
Depreciation				
At 1st January 2020	92,664	153,358	568,508	814,530
Charge for the year	-	-	39,048	39,048
At 31st December 2020	<u>92,664</u>	<u>153,358</u>	<u>607,556</u>	<u>853,578</u>
Net Book Value				
At 31st December 2020	<u>-</u>	<u>-</u>	<u>56,286</u>	<u>56,286</u>
At 31st December 2019	<u>-</u>	<u>-</u>	<u>95,334</u>	<u>95,334</u>

9 Debtors

	Group		Cathedral	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors and users of facilities	71,712	95,333	44,909	60,450
Amounts owed by group undertaking	-	-	33,884	30,784
Other debtors and accrued income	14,313	104,398	14,313	104,398
VAT	10,543	8,043	10,543	8,043
Prepayments	8,156	5,296	8,156	5,296
	<u>104,724</u>	<u>213,070</u>	<u>111,805</u>	<u>208,971</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2020	2019	2020	2019
	£	£	£	£
Tax and social security costs	21,323	54,827	15,651	18,336
Trade creditors	99,586	93,386	62,386	80,208
Accruals	20,372	63,817	14,012	57,288
Deferred Income	-	20,969	-	3,333
Other creditors	39,221	54,746	39,221	54,746
	<u>180,502</u>	<u>287,745</u>	<u>131,270</u>	<u>213,911</u>

Deferred income

	Group		Cathedral	
	2020	2019	2020	2019
	£	£	£	£
Deferred Income brought forward	20,969	50,260	3,333	1,744
Released in the year	(20,969)	(50,260)	(3,333)	(1,744)
New Provision added	-	20,969	-	3,333
	<u>-</u>	<u>20,969</u>	<u>-</u>	<u>3,333</u>
Deferred Income carried forward	-	20,969	-	3,333

Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2020	2019	2020	2019
	£	£	£	£
Bounce Back Loan	50,000	-	-	-
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
These loans are repayable as shown below:	2020	2019	2020	2019
	£	£	£	£
Within one year	3,933	-	-	-
Between one and two years	9,606	-	-	-
Between two and five years	30,301	-	-	-
In five years or more	6,160	-	-	-
	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Southwark Cathedral Enterprises has a Bounce Back Loan with National Westminster Bank plc of £50,000 with a six year term and an interest rate of 2.5% which is not charged in the first year.

11 Chapter and Employees

No elected/appointed member of the Chapter received any remuneration or reimbursement of expenses (2019 - £Nil).

No employee received remuneration above £60,000 during 2020 or 2019.

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

	2020		2019	
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	2
Administrative staff	6	3	6	3
Music department	2	12	2	12
Vergers department	4	-	4	1
Works department	1	3	1	3
Visitors	1	3	-	3
Subsidiary undertaking	4	2	5	1
	<u>21</u>	<u>24</u>	<u>21</u>	<u>25</u>

	2020	2019
	£	£
Employee costs for the year		
Salaries and stipends	750,987	763,938
Employer's national insurance costs	61,139	63,606
Employer's pension contributions	38,241	39,812
	<u>850,367</u>	<u>867,356</u>

	2020	2019
	£	£
Dean	37,485	36,750
Sub Dean	29,403	29,040
Canon Residentiary	10,040	29,040
Comptroller	41,174	55,976
	<u>118,102</u>	<u>150,806</u>

	2020	2019
Expenses of ex-officio Chapter members		
Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	1,488	1,578
Travel	469	1,366
Hospitality	6,523	14,377
Other	259	838
	<u>8,739</u>	<u>18,159</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.

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 £62,790 (2019: £71,141).

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. A valuation as at 31 December 2019 was under way as at 31 December 2020.

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

	2020	2019
	£	£
Audit Remuneration - audit services (Cathedral & Subsidiary)	15,705	15,705
- Non audit services	1,080	1,080
	<u>16,785</u>	<u>16,785</u>

14 Commitments

At 31st December 2020 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 2020:

	2020	2019
	£	£
Payments due within one year	19,693	19,693
Payments due between one and two years	11,268	19,693
Payments due between two and five years	5,582	16,850
	<u>36,543</u>	<u>56,236</u>

15 Unrestricted Funds

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

Year to 31st December 2020

	General Fund £	Cathedral Enterprises £	Property & Asset Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	457,584	-	-	457,584
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	107,217	-	-	107,217
Trading and fundraising	-	354,971	-	354,971
Investments	168,331	-	-	168,331
Other income	-	-	-	-
Total income	733,132	354,971	-	1,088,103
EXPENDITURE ON:				
Raising Funds	133,132	384,435	-	517,567
Charitable Activities:				
Ministry	218,048	-	-	218,048
Cathedral and precincts upkeep	369,461	-	13,008	382,469
Education and outreach	31,482	-	-	31,482
Community, parish and congregation	66,359	-	-	66,359
Other expenditure	2,247	-	-	2,247
Total Expenditure	820,729	384,435	13,008	1,218,172
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(87,597)	(29,464)	(13,008)	(130,069)
Net gains on Investments	-	-	10,000	10,000
Net income/(expenditure)	(87,597)	(29,464)	(3,008)	(120,069)
Gross transfers between funds	4,011	(4,011)	-	-
Net Movement in Funds	(83,586)	(33,475)	(3,008)	(120,069)
Funds brought forward	188,830	9,378	1,020,334	1,218,542
Total Funds Carried Forward	105,244	(24,097)	1,017,326	1,098,473

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 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.

16 Restricted Income Funds

Year to 31st December 2020

	Choir Funds £	Other Restricted Income £	Property Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	1,874	95,604	18,201	115,679
Grants in support of mission	-	409,682	7,110	416,792
Charges and fees arising in course of mission	610	-	-	610
Trading and fundraising	-	-	-	-
Investments	18,424	301	-	18,725
Other income	-	-	-	-
Total income	20,908	505,587	25,311	551,806
EXPENDITURE ON:				
Raising Funds	3,200	22,125	-	25,325
Charitable Activities:				
Ministry	18,424	283,319	-	301,743
Cathedral and precincts upkeep	-	106,545	31,451	137,996
Education and outreach	-	36,941	-	36,941
Community, parish and congregation	-	7,602	-	7,602
Other expenditure	-	-	-	-
Total Expenditure	21,624	456,532	31,451	509,607
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(716)	49,055	(6,140)	42,199
Net gains on Investments	-	-	1,612	1,612
Net income/(expenditure)	(716)	49,055	(4,528)	43,811
Gross transfers between funds	-	-	-	-
Net Movement in Funds	(716)	49,055	(4,528)	43,811
Funds brought forward	100,696	42,877	34,071	177,644
Total Funds Carried Forward	99,980	91,932	29,543	221,455

16 Restricted Income Funds (continued)

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

17 Endowment Funds

Year to 31st December 2020

	Buildings Fund £	Property Fund £	Choirs Endowment Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	-	-	-	-
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	-	-	-	-
Trading and fundraising	-	-	-	-
Investments	-	-	-	-
Other income	-	-	-	-
Total income	-	-	-	-
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				
	-	-	-	-
Net gains/(loss) on Investments	-	(1,879)	(15,249)	(17,128)
Net income/(expenditure)	-	(1,879)	(15,249)	(17,128)
Gross transfers between funds				
	-	-	-	-
Net movement in funds	-	(1,879)	(15,249)	(17,128)
Funds brought forward	15,250,000	395,668	732,181	16,377,849
Total Funds Carried Forward	15,250,000	393,789	716,932	16,360,721

17 Endowment Funds (continued)
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

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 £393,789 (2019: £395,668). The restricted element of the fund at the year end is £29,543 (2019: £34,071). The unrestricted element of the fund stands at £1,017,326 (2019: £1,020,334) 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 2020 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 following accounting years: for the Friends of Southwark Cathedral and the Dean's Fund the figures relate to the accounting year ending 31st December 2019, for Southwark Cathedral Education Trust the figures relate to the accounting year ending 31st March 2020 and for Southwark Cathedral Development trust the figures relate to the accounting year ending 31st December 2020.

	Friends of Southwark Cathedral (1159545)	Southwark Cathedral Education (1058369)	Southwark Development Trust (1069914)	Dean's Fund (279354)
	£	£	£	£
Gross income	47,854	67,363	44,787	8,250
Net income before amounts paid to Cathedral	6,496	(5,615)	1,606	8,250
Amounts paid to Cathedral	8,170	-	26,031	6,573
Gross assets	297,762	143,734	1,021,602	292,116
Net assets	296,742	129,207	1,012,602	292,116

20 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2020 £
Fund balances at 31st December 2020					
are represented by:					
Tangible fixed assets	-	56,286	-	15,250,000	15,306,286
Investments	-	935,000	25,060	797,693	1,757,753
Current Assets	688,079	-	159,033	-	847,112
Current Liabilities	(141,281)	-	(39,221)	-	(180,502)
Long term liabilities	-	-	-	-	-
Inter-fund loan	(50,000)	-	-	-	(50,000)
Total net assets	496,798	991,286	144,872	16,047,693	17,680,649

	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)
Long term liabilities	-	-	-	-	-
Inter-fund loan	(290,731)	-	(22,297)	313,028	-
Total net assets	198,208	1,020,334	177,644	16,377,849	17,774,035

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

Cash flow notes

Reconciliation of net income to net Cash flow from operating activities:

	2020	2019
	£	£
Net income for the reporting period (as per SOFA)	(87,870)	75,172
Adjustments for:		
Depreciation charges	39,048	48,495
Income added to Endowment capital	(76,542)	-
Income from property and investments	(187,056)	(175,549)
(Increase)/decrease in stock	(7,368)	(286)
Decrease in debtors	108,346	25,938
(Decrease)/increase in creditors	(57,243)	(78,134)
Net cash (used in)/provided by operating activities	<u>(268,685)</u>	<u>(104,364)</u>

Analysis of cash and cash equivalent

	2020	2019
	£	£
Cash in hand/held as Investment	702,708	784,337
Total cash and cash equivalents	<u>702,708</u>	<u>784,337</u>