

SOUTHWARK CATHEDRAL

Annual Report and Consolidated Financial Statements for the year ended 31st December 2022

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

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Chapter's Annual Report

Mission Statement

Our mission statement, adopted by Chapter, states:

Southwark Cathedral is:

- 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

Charitable Purpose and Public Benefit

The objects of the Charity as set out in its Constitution are:

- to advance the Christian religion in accordance with the faith and practice of the Church of England, in particular by furthering the mission of the Church of England;
- to care for and conserve the fabric and structure of the Cathedral Church building; and
- to advance any other charitable purposes which are ancillary to the furtherance of the purpose referred to in sub-paragraph (a) or (b).

Review of the Year

2022 was a period of renewal and change at Southwark Cathedral, characterised by the implementation of the Cathedrals Measure 2021 and registration as a charity (charity number 1200866), which was achieved on 1 November 2022. These changes were supported by Jon Baldwin, the Diocese Registrar and Cathedral legal adviser.

Registration with the Charity Commission was preceded by a full review of Cathedral Governance and new Constitution and Statutes for the Cathedral being approved by Chapter and adopted. The Cathedral Chapter is therefore at the beginning of its new life as a board of charitable trustees and is aware that this report is drafted on the basis of it having become a charity for the last eight weeks of the year only, although a great deal of strategic work has already begun at the time of reporting, to identify and begin outworking its mission as a charity.

In planning its work, Chapter has been briefed on and has regard to Charity Commission guidance on public benefit. Members of Chapter are aware of its public benefit obligations.

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. Set out below are our main achievements this year in the furtherance of our objects and provision of public benefit.

a) To advance the Christian religion in accordance with the faith and practice of the Church of England, in particular by furthering the mission of the Church of England.

Worship

The Cathedral is the parish church for the neighbourhoods in Bankside. The parish reaches south from the Thames to Union Street and takes in Borough Market, Guy's Hospital, Shakespeare's Globe, London Bridge Station and The Shard. The population of the parish continues to grow and change rapidly, bringing with it many challenges and opportunities.

At the heart of Cathedral life is the daily round of worship and service to our communities. In-person congregations on Sundays and weekdays have slowly been rebuilding, though they still fall short of pre-pandemic numbers.

Online services were therefore once again of paramount importance to our local and wider community in 2022. The Cathedral continued to live-stream services including Morning Prayer each day throughout 2022. This has become a valued part of Cathedral life and benefits the community we serve. We have an online congregation made up of Londoners, people across the UK and the wider world and want to grow this community, drawn together across boundaries.

Congregational Life

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 May 2022, the total membership on the Electoral Roll stood at 429, an increase on the previous year. People living in the parish are welcomed to the Cathedral as their parish church, including for key points in their spiritual life such as baptisms, weddings and funerals.

Beyond the parish, we offer opportunities for congregational learning, including workshops for Admission to Holy Communion, preparation for confirmation, Lent and Advent sessions and various interest groups offering involvement in a wide range of activities. Parents and toddlers meet in our Chapter room as a creche space on Sunday mornings and the number of children attending Junior Xpress 1 and 2 had been increasing in recent years. A core part of our charitable purpose is to grow the church by welcoming and encouraging families to join us as a community.

We also work with Southwark Council and local stakeholders such as Living Bankside, the Better Bankside Business Improvement District and our neighbours, to support local initiatives and care for our neighbourhood environment. We are hugely grateful for the support and friendship of our neighbours such as Borough Market, particularly at times when the community needs to come together, such as during the period of national mourning for the death of Her Late Majesty Queen Elizabeth II in September during which we were privileged to offer welcome and support to those queuing to witness the Lying in State.

The greater Cathedral parish includes the Conventional District of St Hugh's, Bermondsey. St Hugh's was previously under the pastoral care of the Sub Dean, but the congregation is now cared for by the Succentor, Father Thomas Sharp, who joined the Cathedral in February. Thomas joined us from Newcastle Cathedral and is also co-ordinator of the young Anglican Theology Project.

There are strong links between the Cathedral and the Cathedral Primary School (as well as with our other foundation schools outside the parish) and we enjoy a close relationship with the homeless charity ROBES, whose offices are based on site and with whom we host the Robes Winter Night Shelter Sleep Out. Chapter recognises the importance of this work but is always looking for ways to further its mission and charitable purpose in serving the community in its widest sense.

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 has for some time supported the Diocese of Masvingo in Zimbabwe through the exchange of prayer, information and financial help) whose memberships are drawn from the Cathedral congregation, all continued their important work.

In July, Andrew Nunn, Dean of Southwark, announced his intention to retire in July 2023, on the 40th anniversary of his ordination as a Deacon. The Cathedral, Diocese and broader community received this news with great sadness at losing Andrew after 24 years of service to the Cathedral (11 as Dean), but with excitement for Andrew as he goes on to enjoy a well-earned retirement.

Wider Mission

An important part of our mission this year was our response to the death of Her Late Majesty Queen Elizabeth II on the 8th of September. The usual Cathedral diary was cleared, rescheduling all non-liturgical events during the period of national mourning. The Cathedral church remained open to the public beyond its usual hours for reflection and prayer and to allow visitors to sign the books of condolence for the Queen. The queue for the lying in state at Westminster Hall ran along the Southbank and past the Cathedral's northern entrance – we brought in a hot drinks provider who offered hospitality to those in the queue, as well as offering a space at the Cathedral for a hub for Lambeth Palace's chaplains to the queue. This enabled us to work for a wide sector of the public and supported our public benefit obligations. The Cathedral came together for a service of Remembrance and Thanksgiving for the Queen towards the end of the period of mourning, and we were a site of the Proclamation of the new King.

In October, the Cathedral hosted a three-week installation of Luke Jerram's artwork, *Gaia*, a large rotating earth which was suspended in the nave. The first event of its type held by the Cathedral – Gaia saw us welcome over 50,000 people over the three-week period. The Visitor Engagement team ran a program of events throughout the installation, including late-night openings, live music and entertainment evenings, education and family events and free ticketed slots during the day. The installation provided the opportunity to explore the Anglican fifth mark of Mission, promote ecological issues, reach out to new visitors and provide a platform to speak about our sustainability priorities. It was a commercial, operational and missional success. The Cathedral will look to host similar events in future.

Broader Church

The Cathedral's relationship with the Diocese of Southwark is most obviously expressed in acts of worship under the presidency of the Bishop of Southwark. 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. We work together at times of national significance, such as following the death of Her Late Majesty Queen Elizabeth II for services to participate in the period of National mourning and to give thanksgiving for her life.

The Cathedral is used by senior Diocesan clergy as a place for meetings and interviews. Honorary Canons, Diocesan officers and others participate in worship and education here and assist with the voluntary work of the Cathedral, and it is an important part of the ministry of the Cathedral that clergy to go out and celebrate and preach in other parishes. The Cathedral also enjoys a close relationship with other bodies within the Diocese including the Board of Education, voluntary agencies, Church schools (especially Foundation Schools) and local universities.

We also hosted two Consecrations in 2022 – the consecration of the new Bishop of Salisbury, Stephen Lake, and the new Bishop of Croydon, Rosemarie Mallet. These Consecrations brought clergy, bishops and attendees together, including the Archbishop of Canterbury. Such services provided an opportunity to take our place within the national church and celebrate its work.

b) To care for and conserve the fabric and structure of the Cathedral Church building.

Access

We carried out vital repairs to the platform lift so that the widest possible number of people can access the Cathedral church from the Link.

Vital archaeological research was conducted beneath the floor of the Harvard Chapel to assess the feasibility of lowering the floor as part of our improvements to level access for worship in this important space. We have also continued to move towards obtaining the necessary statutory permissions to enable the next stage of the works to the Harvard Chapel.

As part of our ongoing ambition to enable widest possible access to all areas of the Cathedral, we installed permanent stone floor ramps from the nave aisles into the transepts. This involved archaeological trench research and deployment of heritage contractors for the stonework and installation of iron work.

We have continued with the project to make Cathedral worship more accessible to those unable to travel or attend in person with installation of facilities to support the live streaming of services.

Contested Heritage

The Contested Heritage Group continue to meet to consider some of the problematic monuments and works on display in the Cathedral to decide how best to present and contextualise them.

Staffing

We created a new Head of Property role. The post holder is a qualified architect with extensive experience on church and heritage projects, giving us the necessary level of expertise to deliver on our charitable objects.

We have repaired our staging and instigated new ways of working with experienced external porters to minimise damage to the fabric of the Cathedral building during large events.

Conservation Management Plan

We have worked this year with a conservation planning expert to research with stakeholder groups and develop a specification for the writing of a new Conservation Management Plan for the Cathedral church.

Our fundraising activities

Chapter is always aware of the need to generate sufficient income to enable Southwark Cathedral to continue its work, and we engage in fundraising activity to support the Cathedral's ongoing mission and ministry.

We have not used a professional fundraiser or commercial participator to engage in any of our fundraising activities since our registration as a charity. We have therefore not, this year, worked to any voluntary scheme for regulating fund-raising, or had the need to monitor activities or exercise the need to protect vulnerable people and other members of the public from behaviour otherwise subject to regulation. We have received no complaints in relation to our fund-raising activities. Chapter will continue to bear in mind its obligations in relating to fundraising.

Our Trading Subsidiary

One of the primary ways in which the charity raises funds is through donated profits from the commercial success of the Cathedral's trading subsidiary, Southwark Cathedral Enterprises Limited (SCEL).

SCEL is wholly owned by Chapter and manages the non-primary-purpose commercial trading activities of the Cathedral, including booking and hosting third party events and concerts using the Cathedral's premises, on site conferences, the catering contract, the Cathedral shop, and tourism-related income. Each year, the Board of SCEL decides on the amount of its profit to be donated to the Cathedral.

In 2022, SCEL traded well above budgeted levels overall and was able to donate an amount of £320,000 to the Cathedral, far more than 2021's donation of £265,261 and 2020 where no donation was possible.

The income from our on-site café and catering provision for conferences and events is a core revenue stream for SCEL. SCEL faced some difficulty getting the café open and trading in the wake of Covid-19 in early 2022, given the significant difficulty engaging a new café operator that was willing to take up a long-term contract in light of the harsh economic climate, the damage done to the restaurant and hospitality sector by Covid, and the shortage of staff in the hospitality sector. The 2022 income from catering was therefore well below the budgeted amount and this also negatively impacted SCEL's ability to offer catering to conference delegates. The year ended more positively with the arrival of a new catering partner, Comptoir Gourmand. December was a relatively successful trading month as a result.

The conference business continued its recovery through Q1-Q3 of 2022, shoring up a strong client-base with over 90% of bookings coming from repeat clients. The previous Conference Marketing and Events Executive left the Cathedral in October 2022, so the conference business was relatively quiet in Q4. The lack of in-house catering provision to conference clients which reduced spend, reluctance for clients to return to in-person conferences early in the year due to Covid and departure of the Conference Marketing and Events Executive meant that this income stream also fell short of Budget.

The Cathedral Shop had a more successful year in 2022 than the previous year, defined by some changes in personnel and strategy. The Shop struggled to trade normally from January-March 2022 due to visitor numbers remaining notably lower than normal due to the impact of winter Covid restrictions on tourism in the Bankside area. Visitor numbers returned to more usual levels from April, and the shop traded well throughout the rest of the year. Despite the low level of trading during Q1, sales in-store came in five% higher than budgeted, but the underperformance of the online shop (primarily down to the return of in-person shopping in 2022) meant that the Shop ended the year slightly under Budget.

The Head of Events oversaw a very strong post-pandemic recovery for commercial and special events in 2022. A broad range of special events including a major dinner in the nave and US Embassy drinks party, musical and performing arts and graduations were delivered throughout the year. In total, the Events department generated £361,149 gross income in 2022, which is testament to the work of the Head of Events and all staff teams supporting the delivery of events. Chapter recognises however the significant impact that a busy programme of events has on the Cathedral fabric and its staff resource and will continue to monitor this to provide balance and to grow other income streams with the aim to relieve these pressures. It will also look at costing models given the rise in staff cost and energy prices during 2022.

Voluntary Giving

The majority of voluntary donations came from members of our congregation or wider circle of support. We saw an uplift in our income from donations in 2022 and received one legacy. Donation and Legacy income together totalled £700,990, (£602,887 in 2021). Chapter is aware that a priority for 2023 is to draw up strategic development plans which increase donations to the Cathedral. Plans are being implemented to include the use of card readers in the offertory plate passed around the congregation to increase congregation giving and a review of the donation points around the Cathedral. As a result of the pandemic, we also continued to adapt the Cathedral's fundraising and promote alternative ways of congregational giving via QR codes, donations during livestreaming and social media. Text donations and contactless giving provided additional ways to support the Cathedral.

Our Fundraiser left us at the end of November 2022 and we are currently assessing our resource needs in conjunction with Chapter's strategic planning for the Cathedral's development and fundraising needs.

Trusts and Grant-Making Bodies

Following our successful application to the Cultural Recovery Fund to fund urgent upgrades to the Cathedral's building services (electrics, lighting and heating) the Cathedral received the balance of a grant of £59,263 toward the works, completed in March 2022. Successful applications were also submitted to the Cathedral's Sustainability Fund for support toward staff employment costs, including funding for a

Head of Property, vital to us meeting our charitable objective of caring for the fabric of the Cathedral.

Funding totalling £25,000 was received from Benefact Trust. This annual grant support provides very important funding for the daily mission and ministry of the Cathedral. Grant and donation funding was received for the Cathedral choir, including towards a choir librarian and cassocks.

The Cathedral's Lent art installation, "*The Small House*" by Richard Woods, was also funded by grant and donations. In addition, both new vestments and the costs of staging Gaia were funded by individual donors.

Funds from Related charities

Southwark Cathedral Development Trust continued to support the Cathedral's fundraising and awarded grants to the Cathedral totalling £75,841 during 2022. Works supported include the preparation work, professional fees and archaeology for the Harvard Chapel access and re-ordering project, support for the installation of an access ramp in the south choir aisle and preparation for the Conservation Management Plan and the Fundraiser's salary.

The Friends of Southwark Cathedral is also a much-valued source of support and awarded grants to the Cathedral totalling £11,300 during 2022, including towards the Gaia installation.

The Dean of Southwark's Fund awarded grants totalling £5,000 to Southwark Cathedral during 2022.

Structure, Governance and Management

Southwark Cathedral recently completed its implementation of the Cathedrals Measure 2021 (the Measure) and was granted its second certificate from the Church Commissioners late in October 2022. It was only the second cathedral in England to achieve certification and the first parish church cathedral to do so. To this extent, we feel that we were very much at the vanguard of the thinking, with the Church Commissioners and our external legal advisers, about how the Measure's implementation would work in practice in a Parish Church Cathedral - including the appointment of a new board of charity trustees and the Senior Non-Executive Member (SNEM), and in drafting many of the supporting documents including committee terms of reference and policy.

We achieved registration as a charity on 1 November 2022 and are now registered, with a charity number 1200866, under the auspices of the Charity Commission. Our Chapter members are now Trustees within the meaning of the Charities Act 2011.

The implementation of the new Measure involved the dissolution of the Cathedral Council, previously a group of nineteen individuals appointed to support and further the work of the Cathedral and to review and advise upon the work of Chapter, as part of our governance structure. We recognise the huge ongoing value of the experience and wisdom of Council members and intend to call on them as our "wise owls" to guide and advise us where we are able.

The College of Canons, comprising of the Dean, the Residentiary and Honorary Canons, and the Area Bishops and Archdeacons working in the Diocese, remains in

place but no longer has any responsibility for the governance of the Cathedral, although the College remains a highly important group in the Cathedral's life.

The Dean is the principal dignitary of the Cathedral after the Bishop and has a particular role in ensuring the proper performance of Divine Service in the Cathedral. As a charity trustee, the Dean is *primus inter pares* among their fellow trustees, all of whom must exercise independent judgement. However, the Dean also has a number of statutory roles and responsibility in the governance of the Cathedral. The Dean's consent is required to settle Chapter's budget and the Dean is expected to provide leadership on safeguarding matters, ensure that the Cathedral's governing documents are observed, and take decisions in emergency situations before Chapter can consider them.

Chapter is now the body that exercises governance and has responsibility for the overall life of the Cathedral. Chapter consists of the Dean as Chair, the Senior Non-Executive Member (SNEM) appointed by the Bishop and Vice Chair of Chapter, and (currently) two executive and three non-executive Residentiary Canons, alongside six additional non-executive lay Chapter members. Two of those lay non-executive members are Cathedral Wardens, due to our status as a parish church cathedral and therefore the application of the Church Representation Rules, and we are also required to have our Chair of Finance Committee on the Board too.

In the formation of the new Chapter, the Cathedral sought to recruit four new non-executive trustees using a skills matrix to identify its requirements. This recruitment was against a role description and person specification drawn up and approved by the Nominations Committee. The role was advertised on charity recruitment forums, on the Cathedral website, in its newsletter and through Diocesan channels. The Nominations Committee were mindful of offering alternative ways of applying that would reach the widest group of people. Interviews were conducted and the interviewing panel comprised of Committee members with issues of diversity and inclusion at the core of its thinking. Chapter members were appointed according to their experience and knowledge measured against the skills matrix, role descriptions and person specification.

Chapter, supported by the Nominations Committee, is mindful of the importance of appropriate training for its members and has a process for adequate induction and training. Trustees attended a senior leadership residential conference in November, organised by the National Church Institutions and leadership and held a facilitated strategy day in January 2023. Trustees receive Charity Commission guideline documents, updates from our lawyers and Finance, charity trustee and strategic planning training opportunities are in place for Trustees in 2023 and regular briefings are received from the charity's stakeholders.

Chapter Committees

Chapter is supported by a number of committees that are prescribed by the Cathedral's Measure:-

- **Nominations Committee** recommends to Chapter the appointment of individuals to Chapter and other committees, and ensures that all appointments are fair and transparent with diversity and inclusion at their core.
- **Finance Committee** is concerned with the finances and accounts of the Cathedral and also its investment strategy. It makes recommendations to Chapter in relation to its Budget, financial processes and financial and investment policies.

- The newly formed **Audit and Risk Committee** brings independence of approach to monitoring and recommending on the Cathedral's risk management and its audit functions. The Dean does not sit on either the Finance or Audit and Risk Committees but may attend, and speak at, their meetings.
- Under the Care of Cathedrals Measure 2011, the **Fabric Advisory Committee** is an independent statutory committee and is responsible to the Cathedrals Fabric Commission for England and considers applications from Chapter in regard to proposed development of and changes to the Cathedral's fabric.

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 Cathedral 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.

Our people

Our full-time clergy are the Dean, Sub Dean and Canon Precentor. Their stipends are paid by the Church Commissioners. 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, Chapter is paying for part of its new full-time Succentor, the balance being externally funded. It is an unhoused role.

Chapter is responsible for the housing costs and expenses in connection with the Dean, Sub Dean and Precentor. Three Diocesan Canons are also non-executive members of Chapter.

The strategic outworking, operational life and administration of the Cathedral is overseen by the Chief Operating Officer (COO), who is the most senior member of Chapter's staff and leads the Cathedral's directorates and departments. The Chief Finance Officer (CFO) (when appointed) will oversee the Cathedral's finances and other operational departments. As the Chief Officers of the Cathedral required under the Cathedrals Measure, the COO and (when appointed) CFO, attend Chapter meetings.

Our Volunteers

We are very fortunate and grateful to have a base of 325 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 wide 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 and on Chapter to support the governance and organisation of our life.

Related organisations

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

- **Southwark Cathedral Enterprises Limited**
This company is wholly owned by Chapter, and manages the main commercial activities of the Cathedral, including retail, conferences, events and concerts and tourism. These rely on SCEL using the Cathedral's premises, and development of the licensing structure for this use is currently under review. Profits are, if so decided by the Board of SCEL, gift-aided to the Cathedral and are included in the consolidated statement of financial activities below.
- **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 Chapter.
- **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 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, and assisting Chapter in their mission and ministry. It has independent trustees and is not under the control of 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 Chapter.

Risk management, reporting and monitoring

Chapter is aware that, as with any Cathedral, Southwark Cathedral is a complex organisation and is exposed to a number of risks, financial, legal and reputational. 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. Chapter recognises that any risk management system can only identify, mitigate and manage risks and not eliminate them and can provide only reasonable, and not absolute, assurance against loss.

Chapter is supported in this assessment of risk by the Senior Management Team, the Finance Committee - the members of which pay particular attention to the financial risks - and, going forward, by the newly formed Audit and Risk Committee which will look at the overall risk profile of the Cathedral's activities. Chapter also draws on external expertise in its management of risk including our legal advisers, auditors, and insurers,

and specialist advisers employed by the Diocese.

The Cathedral strives to have an open culture in which staff are encouraged to see management of risk as a key operational responsibility and take appropriate responsibility for ensuring that effective and proportionate risk identification is in place within their area of responsibility.

The Audit and Risk Committee is key in overseeing this approach and ensuring that its independence of thought and its ability to challenge are preserved. The COO continues to work with Ecclesiastical, the Cathedral's insurers, in developing an Enterprise Management System of risk registration.

Safeguarding policies and procedures are in place and kept under review. 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.

Principal Risks to the Cathedral

Chapter has identified the principal risks to the Cathedral, along with associated mitigations, as follows:

Financial Risks

- Not being able to generate enough money to meet its outgoings and to fulfil its charitable purpose relating to the fabric of the Cathedral as a principal risk.
- Financial controls, management and investment strategy need to be strengthened.
- Heavy reliance on its traded income through SCEL is susceptible to external factors such as the Covid pandemic.
- The level of free reserves having reduced in the past few years and needs to be built back.
- Increased utility charges, high inflation and staff costs.

Managing these risks

- Chapter will look to mitigate risk further by
 - building longer term strategic plans
 - spreading income generation
 - building its approach to development and
 - reviewing its cash and property investments
 - recruiting a Chief Finance Officer to work with the COO strategically.

Property Risks

- Significant risk of unexpected major events, such as fire, flood or terrorist attack
- The high level of maintenance required to keep the buildings water-tight and safe.
- Immediate need to upgrade more recent building fabric in which there has been long term underinvestment.
- Reputational risk due to items in the cathedral of contested heritage.
- Finite limits on finance.
- Failure to achieve Net Zero Carbon by 2030 as pledged by the Church of England.

Managing these risks

- Chapter will look to mitigate these risks by developing a more strategic approach

to our building assets.

- Introducing a rolling renewal programme of works to address failing parts of the building envelope.
- Use the Quinquennial Report to structure approach to work.
- Instigation of a plan to understand the pattern of power expenditure across the site.
- Investment in Contested Heritage Group to advise on best practice.
- Adequate insurance cover.

Operational and Project Risks

- Sudden loss of a senior member of the clergy or lay staff, particularly in the current difficult recruitment landscape.
- Several staff members reaching statutory retirement age in the next three years.

Managing these risks

- SMT is succession planning and developing its staff numbers.
- Heads of Department, Diary and health & safety groups meet regularly to mitigate operational risk.
- Recruitment this year of a new Marketing and Communications Manager to advise and assist with areas of reputational risk.
- The COO and Head of Property developing a structured approach to risk assessment.

Safeguarding Risks

- Chapter is aware that due to the fact that it works with children and vulnerable adults on a daily basis and in various ways, safeguarding is and will remain a significant legal, financial and reputational risk to the Cathedral.

Managing these risks

- Training and Information
 - All members of Chapter trained to Leadership level (lay members) and Senior Leadership level (clergy and senior staff members).
 - Recruitment procedures follow the Church of England's guidance on safer recruitment.
 - The CSL receives the National Safeguarding Team (NST) weekly bulletin and leads the review and adaptation of our policies as advised.
 - Training in the new National Case Management System to implement NST recommendations.
- Specialist support
 - Three experienced Cathedral Safeguarding Officers. Support and advice from the Diocesan Safeguarding Team.
 - There is an annual Diocesan Safeguarding Advisory Panel. External audit by the Social Care Institute for Excellence.
- Controls and checks
 - Regular Disclosure and Barring checks on staff and volunteers.

Financial Review

Cathedral Finances 2022 Overview

External factors made 2022 a difficult year, particularly as government and other financial support given to the Cathedral in 2020 and 2021 during the pandemic came to an end, but tourist numbers and therefore trading income had still not been re-established to pre-pandemic levels. It also took time for the congregation to return to in person services post-pandemic. We also knew that some of our staff accommodation and the offices at Montague Chambers needed urgent work. We therefore set a deficit Budget for 2022 of £64,049 to reflect this difficult financial landscape and the much-needed expenditure on our estate. Significant inflationary pressures, high energy costs, and increases in the cost of living also had a negative impact on us. The Cathedral remains however a going concern with sufficient reserves to maintain normal day-to-day activities throughout 2023.

Chapter's Plans for 2023 include the following:

Mission

- Commitment to support access to the Cathedral's services to the widest possible congregation in the UK and overseas, particularly to those difficulty in attending in person, through online worship: plans include continuing the project to make the Cathedral's services available to all through the installation of facilities to support live-streaming.
- Improving and expanding fundraising and Development: the Cathedral will establish a Development Group in 2023, with input from the newly appointed CFO, to take forward a strategy to make the best use of the Cathedral's estate and improve strategic fundraising generally to enable the Cathedral to deliver its charitable objects. It will also look at increasing voluntary giving with more tap donation points, online giving and suggested donation point of entry to raise income to help deliver its objects.
- Improving and expanding learning: with a fresh prioritisation of the Cathedral's adult learning offer – integrating this with our Visitor Engagement program. There will be a focus on working more closely with schools and encouraging learning amongst young people in the Congregation.
- Improving the public's visitor experience and learning opportunities on site: teams will work closely with the Marketing & Communications Manager and Head of Visitor Engagement to improve public engagement and experience of the site. Plans include installation of the Museum of the Moon this year, introducing tours for the deaf community, refreshing site interpretation.

Fabric

- Working with the contested heritage group on monuments and works in the Cathedral.
- Making clear progress on Net Zero: the appointment of the Head of Property and Facilities Manager in 2022 enabled us to make some progress with our Net Zero plans – to be taken further in 2023 with an energy use audit, retrofit of LED lighting throughout the site, removal of gas cooking facilities on site, changing behaviours of staff, and reduction in paper consumption for our church services.

- Level access for worship to benefit as many people as possible: the charity is committed to continuing to improve access to the Cathedral church in 2023 through progress with its major capital project in the Harvard Chapel and progressing plans to improve the west and south-west step-free entrances to the church building.
- Protecting the fabric of the church by progressing the updated Conservation Management Plan.

Income

Details of our fundraising activities are set out above. In terms of other income:-

Grants in support of mission

The Church Commissioners made a grant of £256,543 (2021: £245,337) including its 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 was made to cover the stipends, pension and national insurance contributions of the Dean, Sub Dean and Canon Precentor.

Charges and fees

Income from charges and fees for services in the Cathedral increased in 2022 to £253,562 compared to £210,257 in 2021. This income is derived from fees for special services, weddings, memorial services and funerals (these fees are set across the Church of England) and from charges recoverable from organisers of services and events for musicians and administration.

Investments

Markets that had proved fairly steady during the period of the pandemic have become more volatile because of geo-political and other economic uncertainties. This affected our managed investments which saw a significant drop in value. We agreed a new Investment Policy during the year to take account of our Economic, Social and Governance (ESG) responsibilities and the Finance Committee will continue to look at investment performance and restricted funds management in the coming year.

Rental income

We have a number of investment properties let to both residential and commercial tenants, and All Hallows Hall and the top floor of Montague Chambers are let to small businesses. The rental property market remained buoyant in 2022 and continues to provide us with steady income, but we did experience larger than planned rental income voids because of the time needed to make improvements to some properties.

Income from commercially let property was £173,371 in 2022 compared to £179,252 in 2021, reflecting short periods of void as tenancies ended.

Expenditure

Total consolidated expenditure for 2022 was £2,450,382 compared with £2,089,052 in 2021. The Cathedral's expenditure was higher than anticipated in part due to this year's rise in utility charges, staff cost of living and unforeseen necessary repair and maintenance work on the site and professional fees for unplanned events.

One of the Cathedral's largest areas of spend is on staff salaries. The effects of inflation, high energy prices and their impact on the cost of living meant that we gave staff who were already receiving more than the London Living Wage an initial pay rise of 2% at the start of the year and then an additional one-off payment mid-year equal to an additional pay rise of 4% to cover cost of living rises. Staff being paid at the London Living Wage level received an increase of 8.1%. Recruitment into key roles has proved difficult this year.

Spending on repairs and maintenance to the Cathedral and its precincts are a major part of Cathedral spend. Chapter acknowledges that as the more modern parts of the precinct begin to age, the necessary expenditure on these works will grow. The total value of major works to the Cathedral in 2022 was covered in most part by grants from Government and other grant making organisations, in particular SCDT as noted above.

Education and outreach accounted for £120,234 expenditure (2021: £122,300), the majority of which relates to collections taken at special services held at the Cathedral that are subsequently paid away to external charities supported by the Cathedral. 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 Cathedral also contributes financially to the local, national and international community by giving 5% of the money raised through the planned giving scheme each year to a variety of charities nominated by the congregation.

Cash & Reserves

The day-to-day operations of the Cathedral in recent years prior to the Covid-19 pandemic, and again in 2021, have generated a small surplus of income over expenditure which has allowed the build up of reserves. Reserves are comprised partially in cash and partly in property, the cash portion of which has diminished both during the pandemic period and in the deficit position at which we closed 2022.

The Cathedral's total unrestricted funds stand at £1,027,310 compared to £1,153,476 at the end of 2021. Of these funds £16,312 (2021: £105,355) represent free reserves comprising the General Fund. The remainder consists of £1,010,998 (2021: £1,017,326) from the unrealised gains arising from the most recent revaluation of our investment properties.

Chapter's aim currently is to build up its free reserves, to levels sufficient to address the Cathedral's long-term sustainability and need to maintain and preserve the Cathedral's fabric and heritage. Chapter will approach the appropriate level of reserves in the context of risk management and recommendations from the Finance Committee and Audit & Risk Committee.

Conclusion

This report on the Cathedral's activities during the year ending 31 December 2022 brings together the legal and administrative information, the independent report from the Cathedral's auditors and the financial statements from Chapter's statutory annual report.

In 2023, Chapter will discuss ways in which it can identify more diverse income streams whilst remaining within Chapter and the Board of SCEL's appetite for risk and appropriate management of Cathedral funds.

We are in the process of recruiting a Chief Finance Officer to comply with the Cathedrals Measure. This CFO will work alongside the Dean and COO on the Senior Management Team and will help Chapter with its strategic financial thinking it into the future.

Finally, I would like to record my thanks to Justine Horseman Sewell, Chief Operating Officer, and Elizabeth Gibson, Interim Chief Financial Officer and all those who assisted them with the management of the Cathedral's finances and with the compiling of this annual report.

Chapter's Financial Responsibilities

In relation to this Annual Report, 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 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, 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.

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 Charities Act 2011, the Cathedrals Measure 2021 and the provisions of the Cathedral's Constitution and Statutes. It is also responsible for safeguarding the assets of the Cathedral and therefore for taking reasonable steps for the prevention and detection of fraud and other irregularities.



The Very Revd Andrew Nunn
Dean

Date 10 May 2023

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

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 Chapter until the implementation of the 2021 Cathedrals Measure on 16 July 2022 were:

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
Mrs Justine Horseman Sewell, Chief Operating Officer
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

The members of Chapter after the implementation of the 2021 Cathedrals Measure on 16 July 2022, to the date of this report were:

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 (resigned September 2022)
The Revd Canon Jeremy Clark-King (appointed September 2022)
The Revd Canon Wendy Robins, Canon Residentiary
The Revd Canon Andrew Zihni, Canon Residentiary (resigned 23rd April 2023)
Mrs Linda Hutchinson, Cathedral Warden
Mr Daniel Chumbley, Cathedral Warden
Mr Simon Kingston
Ms Gill Reynolds
Mrs Lynn Cooper
Ms Amuda Poongavanam

Statutory office holders

Chief Operating Officer

Justine Horseman Sewell

The Finance Committee

Mr Richard Cornwell – (resigned as Chairman July 2022)

The Very Revd Andrew Nunn

The Revd Canon Michael Rawson

The Revd Canon Jeremy Clark-King (appointed Dec 2022)

Mr Ian Akhurst (resigned July 2022)

Mr Daniel Chumbley (appointed Interim Chair July 2022)

Mr Mike Dyer (resigned Dec 2022)

Mr Colin Johnston

Mrs Barbara Lane (retired May 2022)

Mr Hanif Barma

Mrs Justine Horseman Sewell (in attendance from July 2022)

Mr Richard Holman (appointed May 2022)

Mr Steve Cockell (appointed Dec 2022)

In attendance:

Mrs Toyin Tukasi – Cathedral

Accountant (resigned Feb 2023)

Mrs Emily Halton – Secretary

Audit & Risk Committee (newly constituted)

Mr Anthony Demby (appointed December 2022)

Canon Wendy Robins (appointed December 2022)

Mrs Amanda Adamson-Hill (appointed December 2022)

Ms Juanita Fan (appointed December 2022)

Ms Amuda Poongavanam (appointed March 2023)

Ms Minjie Lin (appointed December 2022)

The Fabric Advisory Committee

The Revd Charles Pickstone – Chairman

Mr Paul Appleton (resigned September 2022)

Professor Maurice Howard

Mr Luke Hughes

Mr Guy Rowston

Ms Phillida Shaw

Mr Alexander Holton (appointed December 2022)

Ms Katy Lithgow

In attendance:

Mr Richard Malins – Secretary

The Very Revd Andrew Nunn – Dean

Ms Kelley Christ – Cathedral Architect

Dr Jackie Hall – Cathedral

Archaeologist

Mrs Justine Horseman Sewell – COO

Mrs Linda Hutchinson – Cathedral

Warden

Ms Naomi Shaw – Head of Property

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

9 Appold Street

London EC2A 2AP

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 MEMBERS OF SOUTHWARK CATHEDRAL

Opinion

We have audited the financial statements of Southwark Cathedral for the year ended 31 December 2022 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 2022, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the 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 contained within the annual report. 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.

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 course of 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 themselves. 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 Charities Act 2011 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 page 19-20, 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 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 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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.

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.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion

Use of our report

This report is made solely to the Cathedral's Chapter members, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees 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 17/05/2023

9 Appold Street
London
EC2A 2AP

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 2022

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:	2					
Donations and Legacies		440,275	260,715	-	700,990	602,887
Grants in support of mission		-	404,864	-	404,864	491,722
Charges and fees arising in course of mission		236,047	17,515	-	253,562	210,257
Trading and fundraising		762,797	-	-	762,797	631,187
Investments		175,572	19,620	-	195,192	202,443
Total Income		1,614,691	702,714	-	2,317,405	2,138,496
EXPENDITURE ON:	3,4					
Raising Funds		586,764	34,538	-	621,301	529,867
Charitable Activities:						
Ministry		399,955	311,281	-	711,236	624,912
Cathedral and precincts upkeep		582,711	307,201	-	889,912	725,568
Education and outreach		74,868	45,366	-	120,234	122,300
Community, parish and congregation		93,973	11,139	-	105,111	84,642
Other expenditure		2,587	-	-	2,587	1,763
Total Expenditure		1,740,857	709,525	-	2,450,382	2,089,052
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS		(126,166)	(6,811)	-	(132,977)	49,444
Net (loss)/gains on investments	6	-	(3,371)	1,341,821	1,338,450	99,671
Net income/(expenditure)		(126,166)	(10,182)	1,341,821	1,205,473	149,115
Gross transfers between funds		-	-	-	-	-
Net movements in funds		(126,166)	(10,182)	1,341,821	1,205,473	149,115
Reconciliation of funds:						
Total Funds brought forward		1,153,476	254,480	16,421,808	17,829,764	17,680,649
Total Funds carried forward		1,027,310	244,298	17,763,629	19,035,237	17,829,764

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 2022

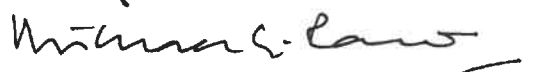
	Note	Unrestricted	Restricted	Endowment	Total Funds 2022	Total Funds 2021
		£	£	£	£	£
Fixed Assets						
Investment assets	6	970,000	25,273	5,150,601	6,145,874	1,857,424
Subsidiary undertaking	5	-	-	-	-	-
Tangible assets:						
Property	7	-	-	12,300,000	12,300,000	15,250,000
Equipment and plant	8	49,160	-	-	49,160	50,777
		<u>1,019,160</u>	<u>25,273</u>	<u>17,450,601</u>	<u>18,495,034</u>	<u>17,158,201</u>
Current Assets						
Stocks		27,263	-	-	27,263	32,915
Debtors	9	169,544	76,915	-	246,459	146,573
Deposits and cash		<u>475,843</u>	<u>163,527</u>	<u>-</u>	<u>639,370</u>	<u>809,936</u>
		672,650	240,442	-	913,092	989,424
Liabilities due within one year						
Creditors	10	<u>(237,047)</u>	<u>(33,342)</u>	<u>-</u>	<u>(270,389)</u>	<u>(205,361)</u>
Net Current Assets		<u>435,603</u>	<u>207,100</u>	<u>-</u>	<u>642,703</u>	<u>784,063</u>
Total Assets less Current Liabilities		1,454,763	232,373	17,450,601	19,137,737	17,942,264
Liabilities due after one year						
Inter-fund loan	20	(324,953)	11,925	313,028	-	-
Bounce Back Loan		<u>(27,500)</u>	<u>-</u>	<u>-</u>	<u>(27,500)</u>	<u>(37,500)</u>
Dean's Fund		<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Total net Assets		<u>1,027,310</u>	<u>244,298</u>	<u>17,763,629</u>	<u>19,035,237</u>	<u>17,829,764</u>
The funds of the Cathedral:	15-17					
Unrestricted - Cathedral		-	-	-	-	105,355
Unrestricted - Trading		16,312	-	-	16,312	-
Designated fund		1,010,998	-	-	1,010,998	1,048,121
Restricted		-	123,640	-	123,640	115,452
Choir Funds		-	130,950	656,282	787,232	886,235
Buildings Fund		-	-	16,720,939	16,720,939	15,250,000
Property Fund		-	(10,292)	386,408	376,115	424,601
Total Cathedral funds		<u>1,027,310</u>	<u>244,298</u>	<u>17,763,629</u>	<u>19,035,237</u>	<u>17,829,764</u>

Approved by Chapter and authorised for issue on

10 May 2023



Andrew Nunn
Dean



Michael Rawson
Sub Dean

Southwark Cathedral

Cathedral Balance Sheet as at 31st December 2022

	Note	Unrestricted	Restricted	Endowment	Total Funds 2022	Total Funds 2021
		£	£	£	£	£
Fixed Assets						
Investment assets	6	970,000	25,273	5,150,601	6,145,874	1,857,424
Subsidiary undertaking	5	116,312	-	-	116,312	100,000
Tangible assets:						
Property	7	-	-	12,300,000	12,300,000	15,250,000
Equipment and plant	8	49,160	-	-	49,160	50,777
		<u>1,135,472</u>	<u>25,273</u>	<u>17,450,601</u>	<u>18,611,346</u>	<u>17,258,201</u>
Current Assets						
Stocks		-	-	-	-	-
Debtors	9	145,484	76,915	-	222,399	106,960
Deposits and cash		278,762	163,527	-	442,289	675,813
		<u>424,246</u>	<u>240,442</u>	<u>-</u>	<u>664,688</u>	<u>782,773</u>
Liabilities due within one year						
Creditors	10	(132,455)	(33,342)	-	(165,797)	(136,210)
Net Current Assets		<u>291,791</u>	<u>207,100</u>	<u>-</u>	<u>498,891</u>	<u>646,563</u>
Total Assets less Current Liabilities		<u>1,427,263</u>	<u>232,373</u>	<u>17,450,601</u>	<u>19,110,237</u>	<u>17,904,764</u>
Liabilities due after one year						
Inter-fund loan	20	(324,953)	11,925	313,028	-	-
Bounce Back Loan		-	-	-	-	-
Dean's Fund		(75,000)	-	-	(75,000)	(75,000)
		<u>(399,953)</u>	<u>11,925</u>	<u>313,028</u>	<u>(75,000)</u>	<u>(75,000)</u>
Total net Assets		<u>1,027,310</u>	<u>244,298</u>	<u>17,763,629</u>	<u>19,035,237</u>	<u>17,829,764</u>
The funds of the Cathedral:	15-17					
Unrestricted - Cathedral		-	-	-	-	105,355
Unrestricted - Trading		16,312	-	-	16,312	-
Designated fund		1,010,998	-	-	1,010,998	1,048,121
Restricted		-	123,640	-	123,640	115,452
Choir Funds		-	130,950	656,282	787,232	886,235
Buildings Fund		-	-	16,720,939	16,720,939	15,250,000
Property Fund		-	(10,292)	386,408	376,115	424,601
		<u>1,027,310</u>	<u>244,298</u>	<u>17,763,629</u>	<u>19,035,237</u>	<u>17,829,764</u>

Approved by Chapter and authorised for issue on



Andrew Nunn
Dean

10 May 2023



Michael Rawson
Sub Dean

Southwark Cathedral

Consolidated Statement of Cash Flows as at 31st December 2022

Statement of Cash flows

	Note	2022 £	2021 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	21	(332,199)	(137,233)
Cash flows from investing activities:			
Rent received net of costs		173,371	179,252
Investment income received net of costs		21,821	23,191
Purchase of property, plant and equipment		(43,559)	(32,982)
Net Cash provided by investing activities		151,633	169,461
Cash flows from financing activities:			
Repayment of borrowing		10,000	75,000
Net cash used in financing activities		10,000	75,000
Change in cash and cash equivalents in the reporting period		(170,566)	107,228
Cash and cash equivalents at the beginning of the reporting period		809,936	702,708
Cash and cash equivalents at the end of the reporting period		639,370	809,936

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 Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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. Chapter has considered the Cathedral's forecasts and projections for the coming year 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 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 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 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, Chapter has conducted an impairment review. 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 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

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 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 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 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, 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.

Chapter uses the valuation performed by its independent valuers as the basis for fair value of its investment properties updated for movements in property indices. 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.

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, 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. 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, Chapter considers whether these assets may be impaired on an annual basis.

2 Income and Endowments Year to 31st December 2022

2 Incoming Resources

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2022 £	Total Funds 2021 £
Donations and Legacies					
Congregational collections and giving	236,501	16,549	-	253,050	224,800
Donations and fundraising appeals	103,885	70,632	-	174,517	138,414
Tax recoverable under Gift Aid	51,889	7,107	-	58,996	59,392
Income from Friends and local trusts	18,000	151,427	-	169,427	180,281
Legacies	30,000	15,000	-	45,000	-
	<u>440,275</u>	<u>260,715</u>	<u>-</u>	<u>700,990</u>	<u>602,887</u>
Grants in Support of mission					
Church Commissioners	-	256,543	-	256,543	245,333
Other revenue and capital grants	-	148,321	-	148,321	246,389
	<u>-</u>	<u>404,864</u>	<u>-</u>	<u>404,864</u>	<u>491,722</u>
Charges and fees arising in the course of mission					
Facility and other fees	236,047	17,515	-	253,562	210,257
Trading and fundraising activities					
Gross income of shop, refectory and other activities	762,797	-	-	762,797	631,187
Investments					
Income from investment Property	173,371	-	-	173,371	179,252
Income from other Investments	765	19,620	-	20,385	22,378
Interest receivable on short term deposits	1,436	-	-	1,436	813
	<u>175,572</u>	<u>19,620</u>	<u>-</u>	<u>195,192</u>	<u>202,443</u>
Total	<u>1,614,691</u>	<u>702,714</u>	<u>-</u>	<u>2,317,405</u>	<u>2,138,496</u>

3 Expenditure on raising funds Year to 31st December 2022

Expenditure on:					
Raising Funds					
3	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Costs of facilities for visitors	136,657	34,219	-	170,876	151,163
Gross costs of shop, refectory and other activities	426,485	-	-	426,485	341,829
Costs of appeals and fund raising	-	319	-	319	250
Let property costs	23,621	-	-	23,621	36,625
	<u>586,764</u>	<u>34,538</u>	<u>-</u>	<u>621,301</u>	<u>529,866</u>

4 Expenditure on Charitable Activities Year to 31st December 2022

Expenditure on charitable activities					
4	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
Ministry					
Clergy stipends and working expenses	14,850	163,721	-	178,571	141,487
Clergy housing costs	22,324	-	-	22,324	37,302
Clergy support costs	83,672	13,212	-	96,884	80,509
Services, music and congregational costs	279,108	134,348	-	413,456	365,614
	<u>399,955</u>	<u>311,281</u>	<u>-</u>	<u>711,235</u>	<u>624,912</u>
Cathedral and precincts upkeep					
Major repairs and restoration	-	170,540	-	170,540	151,204
Vergers and interior upkeep	257,279	98,012	-	355,291	262,975
Cathedral insurance	56,327	-	-	56,327	54,677
Precincts, security and gardens upkeep	14,424	-	-	14,424	15,118
Support costs	254,681	38,649	-	293,330	241,594
	<u>582,711</u>	<u>307,201</u>	<u>-</u>	<u>889,912</u>	<u>725,568</u>
Education and outreach					
Educational activities	36,426	11,139	-	47,566	40,108
Charitable and other giving	38,442	34,227	-	72,669	82,192
	<u>74,868</u>	<u>45,366</u>	<u>-</u>	<u>120,234</u>	<u>122,300</u>
Community, parish and congregation					
	<u>93,973</u>	<u>11,139</u>	<u>-</u>	<u>105,111</u>	<u>84,642</u>
Other expenditure					
Interest and similar charges payable	2,587	-	-	2,587	1,763
	<u>2,587</u>	<u>-</u>	<u>-</u>	<u>2,587</u>	<u>1,763</u>
Total	<u>1,740,857</u>	<u>709,525</u>	<u>-</u>	<u>2,450,382</u>	<u>2,089,052</u>

Included within support costs are staff and office costs associated with running the Cathedral.

5 Investment in Subsidiary Undertaking

The Cathedral owns 100,000 £1 ordinary shares representing the entire issued share capital of Southwark Cathedral Enterprises Limited, company number 02869292, registered in England and Wales. 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. Generally, 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:

	2022 £	2021 £
Turnover	736,547	578,521
Cost of sales	(148,857)	(101,641)
Gross Profit	587,690	476,880
Grant Received	26,250	52,666
Other Operating Costs	(277,628)	(240,188)
Profit/(loss) for the year	336,312	289,358
Charitable distribution to the Cathedral	(320,000)	(265,261)
Net movement in reserves	16,312	24,097
Accumulated (Loss)/profit brought forward	-	(24,097)
Accumulated (Loss)/profit carried forward	16,312	-
Share capital	100,000	100,000
Net assets	116,312	100,000

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 2022	970,000	28,644	858,780	1,857,424
Transfers	-	-	2,950,000	2,950,000
Net increase/(decrease) on revaluation	-	(3,371)	1,341,821	1,338,450
Market value at 31st December 2022	970,000	25,273	5,150,601	6,145,874
CBF Investment Fund shares	-	25,273	-	25,273
Investec Wealth and Investment portfolio	-	-	729,662	729,662
Investment property at St Paul's Vicarage	-	-	2,466,898	2,466,898
Investment property at All Hallows	970,000	-	1,954,041	2,924,041
	970,000	25,273	5,150,601	6,145,874

7 Non-Investment Property

Cost or Valuation	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
At 1st January 2022	-	-	15,250,000	15,250,000
Transfers	-	-	(2,950,000)	(2,950,000)
At 31st December 2022	-	-	12,300,000	12,300,000
			Endowment Funds £	Total Funds £

Non-investment properties are held and used as follows:

At 1st January 2021		
for Cathedral office facilities	2,500,000	2,500,000
for Cathedral clergy and staff housing	9,800,000	12,750,000
	12,300,000	15,250,000

Non-investment property comprises:

	2022 £	2021 £
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	1,000,000	2,250,000
St. Paul's Vicarage, 54 Kipling Street, SE1	950,000	2,650,000
73 St. George's Road, SE1	1,100,000	1,100,000
7 Temple West Mews, SE11	1,500,000	1,500,000
	12,300,000	15,250,000

During 2014, 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, 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, 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 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.

Following a review undertaken during the year of the intended use of Cathedral property, a number of properties were transferred to investment properties to reflect that they are now held to earn rental income.

8 Equipment and Plant

Group	Computer Equipment £	Nave Chairs £	Other Assets £	Total £
Cost				
At 1st January 2022	92,664	153,358	696,824	942,846
Additions	-	-	43,559	43,559
At 31st December 2022	92,664	153,358	740,383	986,405
Depreciation				
At 1st January 2022	92,664	153,358	646,047	892,069
Charge for the year	-	-	45,176	45,176
At 31st December 2022	92,664	153,358	691,223	937,245
Net Book Value				
At 31st December 2022	-	-	49,160	49,160
At 31st December 2021	-	-	50,777	50,777
Cathedral				
Cost				
At 1st January 2022	92,664	153,358	696,824	942,846
Additions	-	-	43,559	43,559
At 31st December 2022	92,664	153,358	740,383	986,405
Depreciation				
At 1st January 2022	92,664	153,358	646,047	892,069
Charge for the year	-	-	45,176	45,176
At 31st December 2022	92,664	153,358	691,223	937,245
Net Book Value				
At 31st December 2022	-	-	49,160	49,160
At 31st December 2021	-	-	50,777	50,777

9 Debtors

	Group		Cathedral	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors and users of facilities	150,411	124,791	91,349	85,178
Amounts owed by group undertaking	-	-	35,002	-
Other debtors and accrued income	73,637	8,412	73,637	8,412
VAT	13,074	5,724	13,074	5,724
Prepayments	9,337	7,646	9,337	7,646
	<u>246,459</u>	<u>146,573</u>	<u>222,399</u>	<u>106,960</u>

10 Creditors: Amounts falling due within one year

	Group		Cathedral	
	2022	2021	2022	2021
	£	£	£	£
Tax and social security costs	56,001	50,507	21,844	19,554
Trade creditors	118,361	89,086	85,789	68,342
Amounts owed to group undertaking	-	-	-	7,656
Accruals	61,216	23,301	33,353	15,847
Deferred Income	-	-	-	-
Bounce Back Loan	10,000	10,000	-	-
Other creditors	24,811	24,811	24,811	24,811
	<u>270,389</u>	<u>197,705</u>	<u>165,797</u>	<u>136,210</u>

Deferred income

	Group		Cathedral	
	2022	2021	2022	2021
	£	£	£	£
Deferred Income brought forward	-	-	-	-
Released in the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Income carried forward	-	-	-	-

Creditors: Amounts falling due after more than one year

	Group		Cathedral	
	2022	2021	2022	2021
	£	£	£	£
Dean's Fund Loan	75,000	75,000	75,000	75,000
Bounce Back Loan	27,500	37,500	-	-
	<u>102,500</u>	<u>112,500</u>	<u>75,000</u>	<u>75,000</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. Southwark Cathedral has a loan with Dean's Fund payable in 3 equal instalments on the 5th, 6th and 7th anniversary of draw down

11 Chapter and Employees

No elected/appointed member of Chapter received any remuneration or reimbursement of expenses (2022 - £Nil).

One member of staff received remuneration of between £70,000 and £79,999. (2021 – no employee).

	2022	2022	2021	2021
	Full Time	Part Time	Full Time	Part Time
Clergy	3	1	3	1
Administrative staff	6	3	4	3
Music department	2	2	1	9
Vergers department	4	1	4	-
Works department	2	3	1	3
Visitors	1	3	1	3
Subsidiary undertaking	3	2	3	2
	<u>21</u>	<u>15</u>	<u>17</u>	<u>21</u>

	2022	2021
	£	£
Employee costs for the year		
Salaries and stipends	833,651	731,431
Employer's national insurance costs	72,632	60,171
Employer's pension contributions	43,346	34,971
	<u>949,629</u>	<u>826,573</u>

Emoluments of Chapter members (Key Management Personnel)

	2022	2021
	£	£
Dean	37,954	37,670
Sub Dean	29,918	29,476
Canon Residentiary	29,918	27,099
Chief Operating Officer	72,812	60,740
	<u>170,602</u>	<u>154,985</u>

Expenses of ex-officio Chapter members

Number receiving expenses	<u>4</u>	<u>4</u>
Services (telephone, electricity etc)	1,996	1,691
Travel	1,048	848
Hospitality	19,553	9,787
Other	103	166
	<u>22,699</u>	<u>12,492</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 £73,706 (2021: £69,694).

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 2019. This revealed a deficit of £4.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

13 Auditors' Remuneration

	2022 £	2021 £
Audit Remuneration - audit services (Cathedral & Subsidiary)	17,500	17,500
- Non audit services	640	640
	<u>18,140</u>	<u>18,140</u>

14 Commitments

At 31st December 2022 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 2022

	2022 £	2021 £
Payments due within one year	19,897	13,863
Payments due between one and two years	14,315	8,177
Payments due between two and five years	32,646	6,704
	<u>66,858</u>	<u>28,744</u>

15 Unrestricted Funds

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

Year to 31st December 2022

	General Fund £	Cathedral Enterprises £	Property & Asset Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	440,275	-	-	440,275
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	236,047	-	-	236,047
Trading and fundraising	-	762,797	-	762,797
Investments	175,572	-	-	175,572
Other income	-	-	-	-
Total income	851,894	762,797	-	1,614,691
EXPENDITURE ON:				
Raising Funds	160,279	426,485	-	586,764
Charitable Activities:				
Ministry	399,955	-	-	399,955
Cathedral and precincts upkeep	545,588	-	37,123	582,711
Education and outreach	74,868	-	-	74,868
Community, parish and congregation	93,973	-	-	93,973
Other expenditure	2,587	-	-	2,587
Total Expenditure	1,277,249	426,485	37,123	1,740,857
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(425,355)	336,312	- 37,123.00	(126,166)
Net gains on Investments	-	-	-	-
Net income/(expenditure)	(425,355)	336,312	(37,123)	(126,166)
Gross transfers between funds	320,000	(320,000)	-	-
Net Movement in Funds	(105,355)	16,312	(37,123)	(126,166)
Funds brought forward	105,355	-	1,048,121	1,153,476
Total Funds Carried Forward	-	16,312	1,010,998	1,027,310

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 2021

	General Fund £	Cathedral Enterprises £	Property & Asset Fund £	TOTAL £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	425,381	-	-	425,381
Grants in support of mission	-	-	-	-
Charges and fees arising in course of mission	205,489	-	-	205,489
Trading and fundraising	-	631,187	-	631,187
Investments	180,791	-	-	180,791
Other income	-	-	-	-
Total income	811,661	631,187	-	1,442,848
EXPENDITURE ON:				
Raising Funds	152,606	341,829	-	494,435
Charitable Activities:				
Ministry	325,108	-	-	325,108
Cathedral and precincts upkeep	445,762	-	4,205	449,967
Education and outreach	78,279	-	-	78,279
Community, parish and congregation	73,293	-	-	73,293
Other expenditure	1,763	-	-	1,763
Total Expenditure	1,076,811	341,829	4,205	1,422,845
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	(265,150)	289,358	(4,205)	20,003
Net gains on Investments	-	-	35,000	35,000
Net income/(expenditure)	(265,150)	289,358	30,795	55,003
Gross transfers between funds	265,261	(265,261)	-	-
Net Movement in Funds	111	24,097	30,795	55,003
Funds brought forward	105,244	(24,097)	1,017,326	1,098,473
Total Funds Carried Forward	105,355	-	1,048,121	1,153,476

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 2022

	Choir Funds £	Other Restricted Income £	Property Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	1,000	191,806	67,909	260,715
Grants in support of mission	-	333,338	71,526	404,864
Charges and fees arising in course of mission	15,425	2,090	-	17,515
Trading and fundraising	-	-	-	-
Investments	17,491	2,129	-	19,620
Other income	-	-	-	-
Total income	33,916	529,363	139,435	702,714
EXPENDITURE ON:				
Raising Funds	319	34,219	-	34,538
Charitable Activities:				
Ministry	17,491	293,790	-	311,281
Cathedral and precincts upkeep	-	136,661	170,540	307,201
Education and outreach	-	45,366	-	45,366
Community, parish and congregation	-	11,139	-	11,139
Other expenditure	-	-	-	-
Total Expenditure	17,810	521,175	170,540	709,525
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	16,106	8,188	(31,105)	(6,811)
Net (loss)/gains on Investments	-	-	(3,371)	(3,371)
Net income/(expenditure)	16,106	8,188	(34,476)	(10,182)
Gross transfers between funds	-	-	-	-
Net Movement in Funds	16,106	8,188	(34,476)	(10,182)
Funds brought forward	114,844	115,452	24,184	254,480
Total Funds Carried Forward	130,950	123,640	(10,292)	244,298

16 Restricted Income Funds (continued)

Year to 31st December 2021

	Choir Funds £	Other Restricted Income £	Property Fund £	Total £
INCOME AND ENDOWMENTS FROM:				
Donation and Legacies	5,345	133,382	38,779	177,506
Grants in support of mission	5,000	383,240	103,482	491,722
Charges and fees arising in course of mission	4,768	-	-	4,768
Trading and fundraising	-	-	-	-
Investments	19,303	2,349	-	21,652
Other income	-	-	-	-
Total income	34,416	518,971	142,261	695,648
EXPENDITURE ON:				
Raising Funds	250	35,182	-	35,432
Charitable Activities:				
Ministry	19,302	280,502	-	299,804
Cathedral and precincts upkeep	-	124,397	151,204	275,601
Education and outreach	-	44,021	-	44,021
Community, parish and congregation	-	11,349	-	11,349
Other expenditure	-	-	-	-
Total Expenditure	19,552	495,451	151,204	666,207
NET INCOME/(EXPENDITURE) BEFORE INVESTMENT GAINS	14,864	23,520	(8,943)	29,441
Net gains on Investments	-	-	3,584	3,584
Net income/(expenditure)	14,864	23,520	(5,359)	33,025
Gross transfers between funds	-	-	-	-
Net Movement in Funds	14,864	23,520	(5,359)	33,025
Funds brought forward	99,980	91,932	29,543	221,455
Total Funds Carried Forward	114,844	115,452	24,184	254,480

17 Endowment Funds

Year to 31st December 2022

	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 (loss)/gains on Investments	1,470,939	(14,009)	(115,109)	1,341,821
Net income/(expenditure)	1,470,939	(14,009)	(115,109)	1,341,821
Gross transfers between funds	-	-	-	-
Net movement in funds	1,470,939	(14,009)	(115,109)	1,341,821
Funds brought forward	15,250,000	400,417	771,391	16,421,808
Total Funds Carried Forward	16,720,939	386,408	656,282	17,763,629

17 Endowment Funds (continued)

Year to 31st December 2021

	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	-	6,628	54,459	61,087
Net income/(expenditure)	-	6,628	54,459	61,087
Gross transfers between funds	-	-	-	-
Net movement in funds	-	6,628	54,459	61,087
Funds brought forward	15,250,000	393,789	716,932	16,360,721
Total Funds Carried Forward	<u>15,250,000</u>	<u>400,417</u>	<u>771,391</u>	<u>16,421,808</u>

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 Chapter that such monies will be repaid. The endowment element of the Fund is £386,408 (2021: £400,417). The restricted element of the fund at the year end is (£10,292) (2021: £24,184). This negative reserve arises from expenditure made in 2022 which will be covered by a restricted grant due to the Property Fund in 2023. The Trustees therefore expect this fund to return to surplus in 2023. The unrestricted element of the fund stands at £1,048,121 (2021: £1,048,121) from the unrealised gains arising from the revaluation of All Hallows Hall and Cottage.

Buildings Fund

This represents the value of properties owned by 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 2022 stands at £16,720,000 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 following entities are not controlled by Chapter but exist wholly for the benefit of the Cathedral: The Friends of Southwark Cathedral, The Southwark Cathedral Development Fund and the Dean's Fund and The Southwark Cathedral Education Trust.

20 Analysis of Group Net Assets between Funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2022 £
Fund balances at 31st December 2022 are represented by:					
Tangible fixed assets	-	49,160	-	12,300,000	12,349,160
Investments	-	970,000	25,273	5,150,601	6,145,874
Current Assets	672,650	-	240,442	-	913,092
Current Liabilities	(228,885)	(8,162)	(33,342)	-	(270,389)
Long term liabilities	(102,500)	-	-	-	(102,500)
Inter-fund loan	(324,953)	-	11,925	313,028	-
Total net assets	16,312	1,010,998	244,298	17,763,629	19,035,237

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2021 £
Fund balances at 31st December 2021 are represented by:					
Tangible fixed assets	-	50,777	-	15,250,000	15,300,777
Investments	-	970,000	28,644	858,780	1,857,424
Current Assets	899,787	-	166,390	-	1,066,177
Current Liabilities	(215,991)	-	(24,811)	-	(240,802)
Long term liabilities	(102,500)	-	-	-	(102,500)
Inter-fund loan	(397,285)	-	84,257	313,028	-
Total net assets	184,011	1,020,777	254,480	16,421,808	17,881,076

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:

	2022 £	2021 £
Net income for the reporting period (as per SOFA)	(132,977)	49,444
Adjustments for:		
Depreciation charges	45,176	38,491
Income added to Endowment capital	-	-
Income from property and investments	(195,192)	(202,443)
(Increase)/decrease in stock	5,652	6,765
Decrease in debtors	(99,886)	(41,849)
(Decrease)/increase in creditors	45,028	12,359
Net cash (used in)/provided by operating activities	<u>(332,199)</u>	<u>(137,233)</u>

Analysis of cash and cash equivalent

	2022 £	2021 £
Cash in hand/held as Investment	639,370	809,936
Total cash and cash equivalents	<u>639,370</u>	<u>809,936</u>

Analysis of changes in net debt

	1.1.22	Cash flow	31.12.22
Cash in hand/held as Investment	809,936	(170,566)	639,370
Creditors due within one year	(10,000)	-	(10,000)
Creditors due after one year	(112,500)	10,000	(102,500)
	<u>687,436</u>	<u>(160,566)</u>	<u>526,870</u>

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