

SOUTHWELL CATHEDRAL CHAPTER

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2019

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INDEX	PAGE
<i>Annual Report:</i>	
1. Legal & Administration	1-2
2. Structure, Governance and Management	3-6
3. Objectives & Activities	7-9
4. Achievements & Performance	9-10
5. Relationships with Other Organisations	10
6. Financial Review	10-13
7. Plan for Future Years	14
8. Risk Management	15
Auditor's Report	16-17
<i>Consolidated Statement of Financial Activities</i>	18
<i>Consolidated Balance Sheet</i>	19
<i>Cathedral Balance Sheet</i>	20
<i>Consolidated Cash Flow Statement</i>	21
<i>Notes to the Financial Statements</i>	22-33

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT
FOR THE YEAR ENDED 31st DECEMBER 2019**

1. LEGAL AND ADMINISTRATIVE INFORMATION

Full Name:

The Cathedral and Parish Church of the Blessed Virgin Mary

Office Address:

Southwell Cathedral Chapter
Minster Office
Church Street
Southwell
Notts NG25 0HD

01636 812649

administrator@southwellminster.org.uk

Members of the Cathedral Chapter

The Very Revd Nicola Sullivan

The Revd Canon Nigel Coates (Canon Chancellor) (until September 2019)

The Revd Canon Dr Richard Frith (Canon Precentor) (from September 2019)

Canon Phil Blinston (appointed by the Bishop)

Mr Richard Vigar FCA (appointed by the Bishop)

Mrs Vicky Thorpe (Safeguarding Representative appointed by Chapter)

Mr Andrew Corner (elected by the APCM)

The Revd Canon John Bentham (appointed by the Bishop) (Until August 2019 RIP)

Mr Tim Richmond FCA (appointed by the Bishop)

Mr Shaun Boney (appointed by the Bishop from January 2018)

Mrs Jan Richardson (elected by the APCM) (from April 2019)

Cathedral Administrator

The senior member of staff to whom day-to-day management of the Cathedral is delegated by Chapter is Mrs Adele Poulson.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

Professional Advisors

Auditors:	BHP LLP 2 Rutland Park Sheffield S10 2PD
Bankers:	National Westminster Bank plc Newark (A) Branch 1 Market Place Newark Notts NG24 1DY
Investment Managers:	Brewin Dolphin Ltd 1 st Floor, Waterfront House Waterfront Plaza 35 Station Street Nottingham NG2 3DQ CCLA Senator House 85 Queen Victoria Street London EC4V 4ET
Solicitors:	Chattertons 9 Broad Street Stamford Lincs PE9 1PY
Surveyor of the Fabric:	Mr Nicholas Rank BA (Hons) BArch RIBA AABC FRSA Buttress Fuller Alsop Williams 41 Bengal Street Manchester M4 6AF
Archaeologist:	Dr Philip Dixon 24 Crown Street Newark Notts NG24 4UY

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Statutes: The administration and the affairs of the Cathedral are overseen by the Chapter in accordance with the Constitution and Statutes, which came into effect on 19th March 2000 and revised January 2012.

The Role of the Cathedral within the Diocese

The Cathedral is the mother church of the Diocese of Southwell and Nottingham. It is the seat of the Bishop and a centre of worship and mission. The Cathedral supports the Bishop of the Diocese by daily prayer and by endorsing the Diocesan vision 'Growing disciples; wider, younger, deeper'. The Cathedral is used for major Diocesan Services and synods, such as ordinations and installations as well as confirmations. It is also a venue for civic events, concerts, assemblies for the Minster School, an awards ceremony for Nottingham Trent University at Brackenhurst and for a programme of lectures and art exhibitions.

The Diocese was founded in 1884. It covers 847 square miles including the whole of Nottinghamshire and a few parishes in South Yorkshire. The Diocese includes the city of Nottingham and many former coalfield communities. There are 307 Anglican Church buildings in the 250 parishes, served by 123 stipendiary and 31 self-supporting clergy.

The primary work of the Cathedral in 2019 is the same as it has been through the ages, the worship of God, the mission of the gospel and the ministry of hospitality and welcome. It is a prayerful place and a spiritual resource to the Diocese of Southwell and Nottingham. Daily worship is at the centre of our life. Southwell Minster as Cathedral and parish church offers all who come an opportunity for celebration, learning and discovery.

The Cathedral seeks to develop its mission and ministry in the town, county and further afield. We have a partnership with the Diocese of Natal in South Africa and with the Diocese and Cathedral of Jerusalem.

Links with other denominations locally are fostered through membership of Churches Together in Southwell.

Organisation and Structure

The Bishop of Southwell and Nottingham has his seat in the Cathedral and may officiate in the Cathedral and use it for Diocesan occasions, e.g. ordinations and synods. He is the Visitor and in this role ensures the observance of the Constitution and Statutes. He is assisted by the Suffragan Bishop, the Bishop of Sherwood. The Chapter, College of Canons and Cathedral Council form the organisational governance structure.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

Pay Policy for Key Management Personnel

Cathedral Clergy are paid in accordance with the stipends set by the Church Commissioners and are appointed under Common Tenure, Clergy Terms of Service 2010. Other staff are paid in accordance with remuneration which is decided by members of the Cathedral Chapter.

The Chapter

- Orders the worship and promotes the mission of the Cathedral.
- Formulates (after consultation with the Bishop) proposals in connection with the general direction and mission of the Cathedral and submits them to the Council for advice.
- Prepares an annual budget and financial plans for the Cathedral.
- Manages all property vested in the Cathedral.
- *Is responsible for governance, policy and vision*

Statement of Chapter's Responsibilities

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given them by Section 27 of the Cathedrals Measure 1999 for:

- Preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities.
- Stating that they have complied in all material respects with the guidelines on the subject *prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for non-compliance.*
- Selecting suitable accounting policies and then applying them consistently.
- Making judgements and estimates that are reasonable and prudent.
- Keeping proper accounting records from which the financial position of the Cathedral can be ascertained with reasonable accuracy at any time.
- Safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Cathedral will continue to be financially viable.

The Chapter has the power to acquire and dispose of property on behalf of the Cathedral Foundation.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

The Governance of the Cathedral

The Dean is the Chair and Chapter consists of two Residentiary Canons, together with members appointed by the Bishop of Southwell and Nottingham and two members elected by the Annual Parochial Church Meeting. The Chapter meets a minimum of nine times each year as a body but its detailed work is primarily devolved to a number of committees and boards, which deal with the following:

Education and Libraries	Health and Safety	Pastoral
Fabric	Liturgy and Worship	Property
Finance and Investment	Mission	Safeguarding
Shop Management	Audit and Risk	

The Finance and Investment Committee has ten members and is chaired by Col Tim Richmond. The members include the Dean, Cathedral Administrator, one Residentiary Canon and other members with financial and investment management expertise and property management expertise. Its function is to advise on financial accounting, to prepare an annual budget and present it to Chapter, to monitor the budget, to discuss income generation, to prepare a five year plan and to prepare the annual accounts for auditors.

Under the Cathedrals Measure 1999, the Chapter may invest the Cathedral's funds in:

- Land.
- Funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Ltd.
- Investments in which trustees may invest under the general power of investment in the Trustee Act 2000.
- The improvement on development of property belonging to the Cathedral, except that the capital from endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings.

A programme for the induction of new members of Chapter has been developed by the Association of English Cathedrals and has been used by new members of Chapter. A Role Description for members of Chapter has been developed and adopted by Chapter during 2019.

As the Cathedral is also a Parish Church, the Chapter has the responsibility of exercising the function of the Parochial Church Council transferred to the administrative body under Section 12(i) of the Cathedrals Measure, 1963.

SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019

The Cathedral Council

The Cathedral Council furthers and supports the work of the Cathedral, spiritual, pastoral, evangelistic, social and ecumenical. It reviews and advises on the direction of that work carried out by Chapter.

In particular it:

- Considers proposals submitted by the Chapter in connection with the general direction and mission of the Cathedral and gives advice on them.
- Receives and considers the annual budget, report and audited accounts.

The Chair of the Council is a layperson appointed by the Bishop and the Dean is a member of the Council. The Bishop is entitled to be present and speak at meetings but not to vote. Three members of the Council are chosen by the Chapter. Two members of the Council are chosen by the College of Canons. *Three lay people (not being members of the Chapter) who represent the interests of the Cathedral Community* – two people elected by the Annual Parochial Church Meeting and one person elected by the employees of the Cathedral are also members. Finally, ten other people who have relevant experience are appointed by the Bishop.

The College of Canons

The College of Canons comprises the Dean, the Residentiary Canons, the Suffragan Bishop and the Archdeacons, together with the Honorary Canons of the Cathedral.

Its role is to:

- Help maintain regular worship in the Cathedral.
- Receive and consider the annual report and audited accounts.
- Discuss matters concerning the Cathedral.

Fabric Advisory Committee

The Fabric Advisory Committee is a statutory body with members appointed by the Cathedrals Fabric Commission for England and also members appointed by the Cathedral. The group comprises of a number of representatives from professional bodies that provide advice and recommendations to Chapter.

No work may be carried out on the Cathedral that would materially affect its architectural, archaeological, artistic or historic character, nor may any object of architectural, archaeological or artistic interest be sold, lent or disposed of without the approval of either the Cathedrals Fabric Commission or the Fabric Advisory Committee.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

3. OBJECTIVES & ACTIVITIES

Although the Cathedral is not regulated by the Charity Commission, Chapter confirms that it has had regard to the public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral not only serves the community daily in its religious and charitable work, but is an active resource of national importance in the promotion of religion, music, education, history and architecture. The Cathedral's Annual Review, along with this Annual Report, describes the activities that deliver these core public benefits.

Mission Statement:

"The Minster Community seeks to celebrate God's life, love and beauty in the Cathedral at the heart of the Diocese, in the life of the Parish and across the world. Our hope is in God the source of all community, and our purpose is the service of His Kingdom in the name of Jesus Christ and in the power of the Holy Spirit."

We will live out our mission through our strategic aims of:

Welcome, Hospitality and Christian Heritage

Offer a welcome to all visitors with the opportunity to discover the Cathedral, enjoy peace and have the opportunity for silence, quiet prayer and to light a candle or find a listening ear. We are here for everyone.

Worship

Offer inspiring services that lead and support all God's people and draw in those on the fringes of belief.

Faith, Learning and Discipleship

Create a place of theological enquiry, learning and Christian formation.

Outward facing engagement

To grow and build mutually beneficial relationships across the County in business, commerce agriculture, education with a special emphasis on areas of deprivation and social need.

A Sustainable and Ethical Business Operation

To create and improve sustainable income sources through a well administered business operation that will focus on growth through the development of new ideas and opportunities.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

Key priorities in 2019 were:

- The appointment of a Fundraiser.
- The appointment of a Community Engagement Co-Ordinator funded by the National Heritage Lottery Fund.
- The appointment of a full time Head of Finance.
- The appointment of a Canon Precentor in the last quarter of 2019.
- Chapter's participation in the Association of English Cathedrals' training sessions for Chapter Training and Reflection and Action Planning.
- The ongoing engagement with the Cathedrals Working Group Report published in July 2018.
- The successful delivery of the Round 2 delivery stage bid for the 'Leaves Project' from the National Lottery, Heritage Fund.
- The review of key operating policies and procedures to improve overall efficiency, effectiveness and good governance.
- Financial sustainability and understanding of the need to close the operating deficit and generate additional income.
- Review of the Safeguarding Policy in line with the diocesan and national guidelines.
- The development of a number of new events, especially outdoor theatre, to encourage use of the gardens of the Archbishops Palace.
- To increase overall visitor (tourist/pilgrim) numbers (achieved 7.9%).
- The ongoing development and implementation of the Cathedral website and online shop.
- Increased communication and marketing of events.
- The delivery of an upgraded IT infrastructure to increase efficiency, security, and reliability.

A detailed review of the Cathedral's activities during 2019 is contained in the Annual Report, available from the Minster Centre.

MINISTRY

Worship

Each day the Offices of Morning and Evening Prayer are said or sung in the Cathedral and the Holy Communion is celebrated. Sunday services include Morning Prayer, Holy Communion, Family Eucharist, Sung Eucharist and Evensong.

Diocesan Events

The regular Diocesan events included the ordination of Deacons and Priests, a service for the Blessing of the Oils and Renewal of Ordination Vows, adult and youth confirmations. A service to celebrate the Queen's Birthday and a Civic Service were held in June. A County service for the Commemoration of the ending of Great War was held in November, as was a Centenary Service for Vote 100. Diocesan staff used the Cathedral for their staff Eucharist services during the year. A joint Cathedral and Diocesan staff Carol Service is held and the curates, led by the Bishop, have a regular midweek Eucharist.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

Cathedral Events

During 2019 the Cathedral hosted 235 events which included services, concerts, exhibitions, festivals and other events. The successful Southwell Music Festival in its 5th year, hosted by the Cathedral, has been extended by one day due to its popularity. There has been a number of conferences and talks in support of the 'Leaves Project' that has attracted visitors, academics and sponsors from across the county and further afield.

CATHEDRAL AND PRECINCTS UPKEEP

- No. 2, Vicars Court has been refurbished
- Other properties have been maintained so as to minimise large expenditure in the future
- The State Kitchen has been refurbished to catering standard to enable the better use of the State Chamber for events
- The grounds are being developed to enhance the overall visitor experience

EDUCATION AND OUTREACH

Through our Learning and Outreach work we actively engage with the local community, schools and groups, to give children and adults the opportunity to grow and learn in a safe and welcoming environment. This year 8,000 visitors were welcomed to the Cathedral through routine school visits, new projects and large-scale events. The work of the Education Department has been developed to meet the requirements of the school curriculum, and this year their work was recognised when the department was awarded the 'Sandford Award', an independently judged, quality assured assessment of education programmes at heritage sites across the country.

In 2019 just over 5,000 learners from schools, colleges and nurseries attended an education day, along with accompanying adults. They participated in a range of activities including Time Travelling which continues to attract schools from across the county. The remaining 3,000 visitors came to family fun and trails, adult learning or team training all of which have become an integral part of the educational offer.

4. ACHIEVEMENTS AND PERFORMANCE

The Archbishop's Palace was used for a number of outside events including wedding receptions, short courses and our own education work.

The quinquennial inspection report highlighted the need for the roofs to be replaced and grants were obtained from the Government's World War One Grant Scheme for Cathedrals to pay for the roofs on the north and south quire aisles. The total grant awarded to the Cathedral in both rounds of the Scheme was £586,000 and the work was completed in early 2018. Work on the main roof at the east end will be part of a projected bid to the Heritage Lottery fund.

The Finance & Investment Committee reviews the Cathedral's investment portfolio at least two times per year and invites managers from both investment companies annually to provide further information on market performance. The policy is to maintain steady capital growth whilst being able to receive a good level of income to support mission. Investments held through the Church of England Central Board of Finance are subject to the ethical guidelines issued by the Church of England Ethical Investments Advisory Group (EIAG). The investments held by Brewin Dolphin are subject to regular ethical screening based on the same ethical guidelines.

Some key figures and ratios are noted in section 6, Financial Review.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

5. RELATIONSHIPS WITH OTHER ORGANISATIONS

To pursue its objectives, the Cathedral has formed relationships and works closely with the following organisations, which are listed in alphabetical order:

Churches Together in Southwell	The Chimes Trust
Lowes Wong Primary School	The Diocese of Southwell and Nottingham
The Friends of Southwell Cathedral	The Lieutenancy of Nottinghamshire
Simmons Charity Minster Repair Fund	The Minster School
Southwell Minster Choir Association	Southwell Town Council

6. FINANCIAL REVIEW

Financial performance

The following figures have been extracted from the audited accounts on pages 18 to 33

	2019 £	2018 £
Operating costs:		
Clergy costs	105,634	127,211
Services and music	153,195	156,559
Vergers and interior upkeep	167,359	157,564
Administration costs	261,061	225,042
Outward giving	20,540	18,487
Insurances and other expenses (net)	110,151	95,545
Total annual operating costs	817,940	780,408
These costs were funded as follows:		
Collections and giving	218,884	215,389
Church Commissioners	229,463	247,444
Investments and property (net)	121,890	125,123
Fees, visitors, shop and events (net)	158,110	136,879
Total income	728,347	724,835
Operating deficit	(89,593)	(55,573)
Legacies	250	1,500
General Fund Operating Deficit/Surplus	(89,343)	(54,073)

The General Fund net operating deficit (before legacies) for the year was £89,593, compared with a deficit of £55,573 in 2018. The deficit of £89,593 compares with a budgeted deficit £76,945 and includes over £35,000 of refurbishment expenditure to Vicar's Court properties and also reflects an investment in additional management and other resources as part of an overall business plan to ensure the effective management of all the Cathedral's activities and to increase income generation.

SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019

The Chapter's main financial objective is to achieve annual surpluses of £100,000 (ignoring legacies) after funding the resources and facilities necessary to sustain the Mission of the Cathedral at the heart of the Diocese and as a Parish Church and to build prudent reserves and fund the development of services in support of Mission.

The Chapter's main effort, whilst continuing to review the costs and effectiveness of its administration, is focussed on plans to improve income further which includes growth from Visitors, Events, business operations and seeking longer term improvements in the use of those properties from which additional income can be achieved.

The Chapter has recently reviewed its management resources linked to both the general management of the Cathedral and its income generation, confirming the appointment of the Cathedral Administrator in a new full time role as Chief Operating Officer, the appointment of a full time Head of Finance, a Fund-Raiser and additional marketing and events support and the majority of these costs are reflected in the 2019 result.

A particular issue has been the need to invest in updated and secure IT systems, these have taken time to implement and as a result some anticipated improvements in income from the Shop, Visitors and Events were delayed until later in 2019 creating an adverse variance in income from these areas against budget.

However, we now have an online shop, the means of taking cashless payments in the Minster, improving both retail and visitor income and recent trends are encouraging.

The outlook for 2020 is a baseline budget based on 2019 income levels with a deficit of £49,332 but additional income targets based on individual action plans with a combined target of £110,200 which if successful would produce a surplus of £60,868.

Whilst this is Chapter's aim a more prudent assessment is for a breakeven in 2020 particularly given the recent concerns over the corona virus and its impact on the economy.

The Chapter is very grateful to the Stewards and many other volunteers who are supporting it in developing its income and remains confident that its financial strategy is working, albeit in a period of considerable uncertainty.

Reserves & Reserves Policy

The reserves held in unrestricted funds amounted to £567,856 as at 31st December 2019. This is split between general reserves of £542,399 and designated reserves of £25,457. Total unrestricted funds have been split on the Consolidated Statement of Financial Activities (SOFA), on page 18 of the financial statements, disclosing the general and designated funds in individual columns.

In Chapter's view, the general free reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. Chapter propose to maintain the charity's free reserves at a level which is at least equivalent to six months operational expenditure. The current level of £536,408 is just over six month's operational expenditure and Chapter reviews the amount of reserves that are required to ensure that they fulfil the charity's continuing obligations on a regular basis.

The reserves held in restricted funds amounted to £1,305,279 as at 31st December 2019. Information regarding the restricted funds is provided in note 15b on pages 30 and 31.

The reserves held in the endowment funds amounted to £8,211,825 as at 31st December 2019. Information regarding the endowment funds is provided in note 15a on page 30.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

Grants

All cathedrals are supported financially by the Church Commissioners in the provision of the stipend of a Dean and stipends for two Residentiary Canons this amounted to £95,531 in 2019 (2018 - £113,512). Most cathedrals also receive a grant towards clergy support and administrative costs, and a total of £133,932 was received in 2019 (2018 - £133,932). During 2019 an additional £40,080 was received due the vacancy of the Canon Precentor and was used towards education and marketing salary costs. A further £6,874 was also received for Chapter training and a peer review project.

A development grant of £299,700 was awarded from the National Lottery, Heritage Fund (NLHF), for The Leaves of Southwell Project during 2017 and the first £71,636 of this was received during 2018. Further grant income of £194,547 was received in 2019 including a debtor of £68,863 for grant funds requested in 2018. The full grant awarded was not required to fulfil the requirements of this stage.

Following the successful development stage, the project was awarded a £1,909,600 grant by the NLHF for the delivery stage and the first £77,044 was received in 2019. The balance of which, including a debtor of £112,752 for grant funds requested in 2019, will be received over the remaining three years of the project.

Fundraising

Match funding for the NLHF - The Leaves of Southwell Project have gratefully been received during 2019 including grants from The Friends of Southwell Cathedral, The Simmons Charity Minster Repair Fund and The Chimes Trust. Specific thanks also to private individual donors who, on learning about the project from the information leaflet in the Chapter House, have proactively come forward to donate. In addition, a generous grant was received from All Churches toward the project - this on top of their kind regular giving to the cathedral. Therefore, although we have reached our target of £180,000, continued contributions are always welcome due to additional not eligible costs which are inevitable with a project of this scale and complexity.

A Choir and Clergy Robes Appeal started during 2019 with a target to raise £29,000. Kind donations including online giving and £5,000 from SMCA were received during 2019. The appeal continued into 2020 and the target was met with further online giving and a welcomed donation from The Friends of £10,000.

Visitor & Legacy Income

A major source of funding for the Minster's work is regular giving under Gift Aid by members of the Community with £156,500 received in 2019 (2018 - £155,800). Donations by visitors to the Minster decreased in 2019 to £38,400 (2018 - £47,200).

The Southwell Minster legacy leaflet is still proactively distributed; copies are available by the donations boxes in the Minster. Legacy income amounted to £32,076 in 2019, (2018 - £1,500). Lifetime gifts are similarly extremely valuable and enable donors to have the joy of seeing the immediate benefit.

Trading Income

The Minster Shop net profit amounted to £47,731 in 2019 (2018 - £26,448) and continues to provide a valuable source of income to the Cathedral. The increase in profit is mainly due to the writing off of obsolete stock which took place during 2018. A new till located in the Minster enabling a fully functional shop operation is working well. Credit card payments (and donations) are now possible and its connection to the back office ensures information is accurately received. An online shop via our website was implemented in December 2019 along with a hand held terminal to support stock counts and reduce the time taken to complete stock takes

SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019

Investment Properties Portfolio

The investment property portfolio (Minster Centre, Sacrista Prebend, the Refectory and Bishops Manor) continues to provide a vital source of income. Net income, not including loan interest of £12,521 (2018 – £12,438), totalled £63,617 (2018 - £81,150). For more details of the return on investment properties please see note 7 on page 27.

Financial Investments

Chapter has established a policy of investment to produce income, subject to a medium degree of risk whilst at least maintaining the real value of investments. All investments held by Chapter adhere to the Church of England's ethical policy.

On 1st September 2010 the financial investments were pooled and split between the two investment managers, CCLA Investment Management Ltd and Brewin Dolphin Ltd, and have been accounted for on that basis since that date. Further detailed information can be found in note 8 on page 27.

Financial Investments Performance

Investment markets saw positive returns in 2019 but with continued volatility over the course of the year.

During 2019 there were net unrealised gains on Chapter investments of £243,988 and net realised gains on disposals of £1,008. Despite the rise in value, income was slightly lower in 2019 than the previous year with the total investment income amounting to £66,532 (2018 - £69,014).

Summary of Key figures

A summary of the key figures for the past five years is provided below:

	2015	2016	2017	2018	2019
	£	£	£	£	£
Incoming resources					
Congregational collections & giving	147,147	137,768	151,568	180,506	172,725
Legacies	3,405	27,109	241,497	1,500	32,076
Grants	317,515	300,901	776,667	598,284	753,157
Minster Shop net profit	23,610	29,105	44,310	26,448	47,731
Resources expended					
Major repairs & restoration	94,514	83,166	571,984	320,115	457,713
Key ratios					
Income yield on investments & cash	4.6%	4.1%	4.0%	3.9%	3.3%

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

7. PLAN FOR FUTURE YEARS

In December 2019 Chapter approved a strategic plan that will see the development of a more compelling Tourism and Heritage offer, building on the 'Leaves of Southwell' project and making Southwell Cathedral a centre of learning for children, students, heritage professional and special interest group. Chapter believe that by making its facilities available and more accessible operating as a venue for music, entertainment and other events. Unlike many other Cathedrals our late entry into this arena means we have plenty of opportunity to develop these sources of income to support our core operation.

The approved plans consist of 8 strategic initiatives that will enable the Cathedral to grow and sustain the annual number of visitors in order to support the development of our mission and ministry, outreach, education, cultural and musical heritage, and the local community. These eight strategic themes have now been embraced by the Cathedral Chapter as the basis of the strategy and will be used as a framework to approach Church Commissioners for development funding, with business cases being developed for the first two themes by Q3 2020. In parallel, we have started the critical analysis of one of the four key business processes 'Book' in order to reengineer it to become more efficient and effective and to take full advantage of the opportunities presented to the Cathedral.

The 'Leaves' project will enable the Cathedral to renew the high roof, undertake conservation and repair works to the carvings in the Chapter House and Slype. The project will also improve access to the Chapter House, replace external paths and lighting, in addition to providing interpretation across the site to raise awareness and understanding of the Leaves of Southwell.

The Friends of Southwell Cathedral provide a valuable source of funding towards many of the Cathedral's projects. Further details are provided in note 22a on page 33.

During 2020 our plans are to:

- Continue to deliver our strategic plan for mission and congregational growth
- Appoint and induct a new Residentiary Canon, Diary and Events Co-ordinator; Operations Manager and additional administrative resources.
- Engage with growing numbers of visitors and pilgrims
- Assess property and business opportunities to grow income
- Continue to deliver the National Lottery Heritage Fund ('Round Two') for the Leaves project following the successful development stage
- Reorder the State Chamber
- Develop clear Business Plans with clear accountabilities and targets
- Introduce a new performance management system
- Empower staff to deliver key initiatives
- Generate increased income from music
- Deliver financial sustainability
- Continue to invest in the website to enhance our on-line presence, support of critical processes, and be the 'shop window' for all activities at Southwell Cathedral.
- Actively promote and market Southwell Minster and its facilities as a venue to drive up occupancy and cross – sell opportunities.
- Expand the hospitality offering to support a wider range of income generating activities. This will also support the welcome and experience we want to ensure all visitors to Southwell Minster receive.

Since outlining the above plans, we have been affected by a worldwide pandemic, COVID19. This disease has forced the closure of our Cathedral building, many staff have been furloughed and income levels have been significantly impacted. Chapter and the Senior Management Team continue to work closely on this issue with support and guidance from the government and the national church. During this time, we will continue to review our plans whilst developing a re-opening strategy as lockdown eases.

**SOUTHWELL CATHEDRAL CHAPTER
ANNUAL REPORT (continued)
FOR THE YEAR ENDED 31st DECEMBER 2019**

8. RISK MANAGEMENT

The Chapter reviews the major risks to the Cathedral and its work on a regular basis. Systems and procedures are updated as necessary to mitigate risks where they are identified. To build on the work already undertaken by Chapter a new Audit and Risk Committee was established as a sub-committee and chaired by Mr Richard Vigar. The Terms of Reference outlining the role and responsibilities of the Committee was developed and approved by Chapter. A Risk Register was developed to identify all known risks and includes the nature of the risk, who owns it and the mitigation measures that have been put in place to manage the risk. A report to Chapter is made quarterly and provides a summary of the current risks on the Cathedral Risk Register it also provides Chapter with an opportunity to discuss the most recent changes to the register.

There are 4 red risks which are highlighted in the table below along with the action to be taken to mitigate the risk. (RAG* – Red, Amber, Green)

RAG* and SCORE	RISK DETAIL	Mitigation and Update
R16	Under-utilisation of Chapter Assets (e.g. lack of bookings in the State Chamber)	Clearly defined targets have been identified and agreed for 2020.
R15	Not hiring the right people with the right skills at the right time	All recruitment activity identified. Recruitment documentation for key roles to be developed by the end of December 2019.
R16	Independent audit approved by the House of Bishop's could identify major weaknesses and failings of the safeguarding arrangements for the Cathedral.	Preparation for the audit will commence in January 2020
R16	The impact of Coronavirus could have a significant impact on income streams for many months to come with less tourists and decreased event activity including concerts. Confidence will be slow to build.	The situation is being monitored regularly, with necessary action taking place as more information is provided. Government guidelines are and will continue to be followed with required measures being implemented as and when announced. Social distancing measures will be key to move activity forward. All available sources of funding are being explored including the government's Job Retention Scheme.

Safeguarding remains a high priority for the Chapter. Chapter's appointed Safeguarding Co-Ordinator, Mrs Vicky Thorpe, has worked with the Diocesan Safeguarding Adviser team to deliver staff and Chapter training. Chapter has reviewed and updated the Cathedral's safeguarding policy in line with national and diocesan guidelines for good practice.

Signed on behalf of the Chapter



Nicola Sullivan
Dean

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHWELL CATHEDRAL CHAPTER

Opinion

We have audited the financial statements of Southwell Cathedral Chapter (the 'parent entity') and its subsidiary (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent entity's affairs as at 31 December 2019, and of the group's 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 Accounting and Reporting Regulations for English Anglican Cathedrals (December 2018) specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1a in the financial statements which discusses the Chapter's assessment of the impact of the COVID-19 pandemic on the entity. These events or conditions, along with the other matters as set forth in note 1a indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The members of Chapter are responsible for the other information. The other information comprises the information included in the Chapters' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Chapters' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Accounting and Reporting Regulations for English Anglican Cathedrals (December 2018) specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999 require us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent entity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent entity's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Chapter Members remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Chapter

As explained more fully in the Cathedral Chapter's responsibilities statement, the Chapter are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the 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 members are responsible for assessing the group's and parent entity'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 members either intend to liquidate the group or the parent entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of Chapter, as a body, in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals (December 2018) specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the members of Chapter those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of Chapter as a body, for our audit work, for this report, or for the opinions we have formed.


Julie Marshall (Senior Statutory Auditor)

For and on behalf of
BHP LLP

2 Rutland Park
Sheffield
S10 2PD

26 May 2020

SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Unrestricted General Fund £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Income and Endowments from:	2						
(i) Donations and legacies		290,128	-	192,932	-	483,060	469,273
(ii) Grants in support of mission		12,500	-	740,657	-	753,157	598,284
(iii) Charges and fees arising in the course of mission		36,901	-	12,662	-	49,563	49,839
(iv) Trading and fundraising		288,042	-	10,000	-	298,042	294,361
(v) Investments		261,769	631	44,194	-	306,594	334,119
(vi) Other income		7,012	-	-	-	7,012	8,807
Total income		896,352	631	1,000,445	-	1,897,428	1,754,683
Expenditure on:	3						
(i) Raising funds		(449,840)	(59)	(64,410)	-	(514,309)	(543,684)
(ii) Ministry		(322,886)	-	(275,529)	-	(598,415)	(572,689)
(iii) Cathedral and precincts upkeep		(177,399)	-	(482,780)	-	(660,179)	(506,652)
(iv) Education and outreach		(35,570)	-	(66,036)	-	(101,606)	(110,569)
Total Expenditure		(985,695)	(59)	(888,755)	-	(1,874,509)	(1,733,594)
Net income/(expenditure) before investment gains/(losses)		(89,343)	572	111,690	-	22,919	21,089
Net gains/(losses) on investments	8	-	2,463	81,427	161,106	244,996	(85,392)
Net income (expenditure)		(89,343)	3,035	193,117	161,106	267,915	(64,303)
Other recognised gains/(losses)							
Investment property		-	-	-	-	-	9,943
Non investment property	9	-	-	-	-	-	-
		-	-	-	-	-	9,943
Gross transfers between funds	6	389,892	-	-	(389,892)	-	-
Net movement in funds		300,549	3,035	193,117	(228,786)	267,915	(54,360)
Total funds brought forward 1 January 2019		241,850	22,422	1,112,162	8,440,611	9,817,045	9,871,405
Total funds carried forward 31 December 2019		542,399	25,457	1,305,279	8,211,825	10,084,960	9,817,045

The notes on pages 22 to 33 form part of these accounts

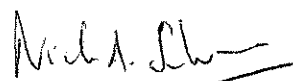
**SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
Fixed assets						
Investment assets						
Property	7	727,102	-	4,453,498	5,180,600	5,180,600
Investments	8	408,493	630,294	983,385	2,022,172	1,784,246
		<u>1,135,595</u>	<u>630,294</u>	<u>5,436,883</u>	<u>7,202,772</u>	<u>6,964,846</u>
Non investment assets						
Property	9	-	-	2,780,787	2,780,787	2,780,787
Equipment and plant	10	5,991	48,131	-	54,122	78,274
		<u>5,991</u>	<u>48,131</u>	<u>2,780,787</u>	<u>2,834,909</u>	<u>2,859,061</u>
Total fixed assets		<u>1,141,586</u>	<u>678,425</u>	<u>8,217,670</u>	<u>10,037,681</u>	<u>9,823,907</u>
Current assets						
Stocks	11	77,946	-	-	77,946	68,821
Debtors	12	43,931	115,474	-	159,405	126,855
Cash on deposit and at bank		(217,941)	573,801	(5,845)	350,015	313,898
		<u>(96,064)</u>	<u>689,275</u>	<u>(5,845)</u>	<u>587,366</u>	<u>509,574</u>
Liabilities due within one year						
Creditors	13	(107,003)	(62,421)	-	(169,424)	(124,644)
Net current assets/(liabilities)		<u>(203,067)</u>	<u>626,854</u>	<u>(5,845)</u>	<u>417,942</u>	<u>384,930</u>
Liabilities due after one year						
Creditors	14	(370,663)	-	-	(370,663)	(391,792)
Net assets		<u>567,856</u>	<u>1,305,279</u>	<u>8,211,825</u>	<u>10,084,960</u>	<u>9,817,045</u>
Funds						
	15					
General fund		542,399	-	-	542,399	681,742
Designated funds		6,737	-	-	6,737	6,165
Music designated funds		18,720	-	-	18,720	16,257
Fabric funds		-	361,241	408,664	769,905	656,069
Chapter fund		-	-	7,153,107	7,153,107	7,026,050
Music funds		-	186,972	439,486	626,458	581,220
Education fund		-	33,094	-	33,094	33,094
Library fund		-	77,165	-	77,165	65,150
Great Hall		-	34,500	-	34,500	47,396
The Leaves Project (Match Funding)		-	287,557	-	287,557	107,727
NLHF* The Leaves Project		-	(38,448)	-	(38,448)	(22,763)
Quire Aisle roof project		-	-	-	-	11,417
Other funds		-	363,198	210,568	573,766	607,521
		<u>567,856</u>	<u>1,305,279</u>	<u>8,211,825</u>	<u>10,084,960</u>	<u>9,817,045</u>

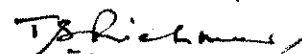
* NLHF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

Approved on the 14th May 2020 and signed on behalf of Chapter

Nicola Sullivan



Dean



Tim Richmond

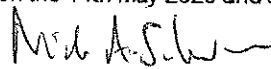
The notes on pages 22 to 33 form part of these accounts

**SOUTHWELL CATHEDRAL CHAPTER
CATHEDRAL BALANCE SHEET
AS AT 31 DECEMBER 2019**

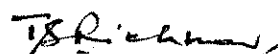
	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Restated Total Funds 2018 £
Fixed assets						
Investment assets						
Property	7	727,102	-	4,453,498	5,180,600	5,180,600
Investments	8	408,493	630,294	983,385	2,022,172	1,784,246
Investment in subsidiary		100	-	-	100	100
		<u>1,135,695</u>	<u>630,294</u>	<u>5,436,883</u>	<u>7,202,872</u>	<u>6,964,946</u>
Non investment assets						
Property	9	-	-	2,780,787	2,780,787	2,780,787
Equipment and plant	10	5,991	48,131	-	54,122	78,274
		<u>5,991</u>	<u>48,131</u>	<u>2,780,787</u>	<u>2,834,909</u>	<u>2,859,061</u>
Total fixed assets		<u>1,141,686</u>	<u>678,425</u>	<u>8,217,670</u>	<u>10,037,781</u>	<u>9,824,007</u>
Current assets						
Stocks	11	-	-	-	-	-
Debtors	12	114,130	115,474	-	229,604	199,503
Cash on deposit and at bank		(266,068)	573,801	(5,845)	301,888	275,612
		<u>(151,938)</u>	<u>689,275</u>	<u>(5,845)</u>	<u>531,492</u>	<u>475,115</u>
Liabilities due within one year						
Creditors	13	(98,960)	(62,421)	-	(161,381)	(110,733)
Net current assets		<u>(250,898)</u>	<u>626,854</u>	<u>(5,845)</u>	<u>370,111</u>	<u>364,382</u>
Liabilities due after one year						
Creditors	14	(370,663)	-	-	(370,663)	(391,792)
Net assets		<u>520,125</u>	<u>1,305,279</u>	<u>8,211,825</u>	<u>10,037,229</u>	<u>9,796,597</u>
Funds						
General fund	15	494,668	-	-	494,668	661,294
Designated funds		6,737	-	-	6,737	6,165
Music designated funds		18,720	-	-	18,720	16,257
Fabric funds		-	361,241	408,664	769,905	656,069
Chapter fund		-	-	7,153,107	7,153,107	7,026,050
Music funds		-	186,972	439,486	626,458	581,220
Education fund		-	33,094	-	33,094	33,094
Library fund		-	77,165	-	77,165	65,150
Great Hall		-	34,500	-	34,500	47,396
The Leaves Project (Match Funding)		-	287,557	-	287,557	107,727
NLHF* The Leaves Project		-	(38,448)	-	(38,448)	(22,763)
Quire Aisle roof project		-	-	-	-	11,417
Other funds		-	363,198	210,568	573,766	607,521
		<u>520,125</u>	<u>1,305,279</u>	<u>8,211,825</u>	<u>10,037,229</u>	<u>9,796,597</u>

* NLHF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

Approved on the 14th May 2020 and signed on behalf of Chapter


Nicola Sullivan

Dean


Tim Richmond

The notes on pages 22 to 33 form part of these accounts

**SOUTHWELL CATHEDRAL CHAPTER
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Statement of cash flows

	2019	2018
	£	£
Cash flows from operating activities:		
Net cash flow from operating activities	(68,390)	(147,546)
Cash flows from investing activities:		
Rents received net of costs	63,617	81,150
Interest and dividends received net of costs	59,457	61,942
Purchases of investments	(286,237)	(224,966)
Sales of investments	281,377	232,795
Additions to investment property	-	-
Additions to non investment property	-	-
Proceeds from sale of investment property	-	-
Purchases of equipment and plant	(5,362)	(4,228)
Net cash provided by/(used in) investing activities	112,852	146,693
Cash flows from financing activities:		
Repayments of borrowing	(20,275)	(20,358)
Cash inflows from new borrowing	-	-
Net cash provided by/(used in) financing activities	(20,275)	(20,358)
Change in cash and cash equivalents in the reporting period	<u>24,187</u>	<u>(21,211)</u>
Cash and cash equivalents at the beginning of the reporting period	346,314	367,525
Cash and cash equivalents at the end of the reporting period	<u>370,501</u>	<u>346,314</u>

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the SOFA)	22,919	21,089
Adjusted for:		
Depreciation charges	29,514	30,627
Loss on sale of equipment and plant	-	-
Income from property and investments	(306,594)	(334,119)
Investment property costs, rental collection fees and investment management costs	183,519	191,027
(Increase) /decrease in stock	(9,125)	(9,256)
(Increase) /decrease in debtors	(32,550)	(90,903)
Increase/ (decrease) in creditors	43,927	43,989
Net cash provided by / (used in) operating activities	<u>(68,390)</u>	<u>(147,546)</u>
Analysis of cash and cash equivalents		
Cash in hand	350,015	313,898
Investments - short term deposits	20,486	32,416
Investments - cash held for investment	-	-
	<u>370,501</u>	<u>346,314</u>

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1 ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been drawn up in accordance with the December 2018 guidelines on accounting and reporting by English Anglican Cathedrals as specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999.

The financial statements have been prepared under the historical cost convention except for the valuation of investment assets that are shown at market value.

There are no significant areas of judgement or key assumptions that affect items in the accounts.

Chapter have considered the impact of COVID-19 on the entity's income and operating cost base. Whilst it is not considered practical to accurately assess the duration and extent of the disruption, Chapter are confident that they have in place plans to deal with any financial losses and cash deficits that may arise.

Chapter have prepared forecasts of income and expenditure and cash flow for the period to 31 December 2021 and subjected these forecasts to sensitivity analysis which shows that they have sufficient reserves to be able to continue for the foreseeable future. They will continue to monitor the impact on income and take appropriate action to implement cost savings as necessary.

Chapter do however recognise that significant uncertainty exists surrounding the duration and impact of COVID-19 and hence there is inherent risk regarding the success and sustainability of these plans. This risk represents a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern, however Chapter have concluded that the entity remains a going concern whilst such viable options are available to it. Chapter therefore continue to adopt the going concern basis of preparation for these financial statements.

b. Basis of Consolidation

The consolidated financial statements comprise those of the Cathedral, of its wholly-owned subsidiary company Southwell Cathedral Chapter Trading Ltd and Church Street Land Trust, of which the Chapter is the sole trustee. The Cathedral acquired the whole share capital of Southwell Cathedral Chapter Trading Ltd consisting of 100 £1 shares, which were purchased at face value on 8 December 2016. On 1 January 2017 the Cathedral shop trade transferred from the Cathedral Chapter to the trading subsidiary. The turnover and expenditure of the subsidiary are included in the Statement of Financial Activities and the assets and liabilities of the subsidiary are included on a line-by-line basis in the Consolidated Balance Sheet. The Church Street Land Trust solely consists of the heritage asset disclosed in note 9.

c. Fund Accounting

Fund balances are split between general, designated, restricted and endowment funds.

Undesignated general funds are freely available for any purpose within the Cathedral's objects, at the discretion of the Chapter.

Designated funds are those funds set aside out of general funds by the Chapter for a specific purpose over whose use and purpose the Chapter has discretion.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Endowment funds are those held on trust to be retained for the benefit of the Cathedral Chapter as capital funds and are classified as permanent endowment. In the case of the General Endowment fund administered by the Chapter there are discretionary powers to convert a small part of the capital into income.

d. Income

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

e. Donations and legacies

Collections, giving, legacies and other income are credited on the date on which they are receivable.

f. Charges and fees

Charges in the course of mission and activities for generating funds are recognised as and when the related goods or services are provided.

g. Grants

Grants towards specific repair restoration expenditure are shown as restricted income and credited on the date on which it is receivable.

Grant funding secured for future funding will be recognised when received where the organisation has evidence of entitlement over the grant income.

h. Investment income

All investment income is credited on the date on which it is receivable.

i. Property income

Property income is credited on the date on which it is receivable.

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

j. Property

Investment property

Investment property includes any interest in land and/or buildings which is held primarily for the purpose of producing an income, any rental income being negotiated at arm's length. It does not include any land acquired primarily with a view to resale at a profit, or property which is owned and mainly occupied for carrying out the cathedral's purposes.

Investment properties are included at open market value and not depreciated, in accordance with FRS102.

Non-investment property

Non-investment properties are those properties used for Cathedral purposes and are valued at historic cost.

No provision for depreciation is provided in respect of freehold houses. Impairment reviews are carried out annually. Each house is fully maintained with a view to ensuring that the total residual value is not less than the amount stated in the financial statements. Accordingly, any depreciation would be immaterial.

The Cathedral is an inalienable asset and forms part of the permanent endowment. It is not valued in the balance sheet as no reliable cost information is available and conventional valuation approaches lack sufficient reliability. Items in the Cathedral inventory are similarly excluded from the financial statements.

k. Fixed assets

Fixed assets with a cost less than £2,000 are written off in the year of acquisition. All other fixed assets (excluding property) are capitalised and depreciated on a straight line basis over their estimated useful lives as follows:

Equipment and plant:

Telephone system	5 years
Staging	5 years
Audio tour equipment	5 years
Video projection screen	8 years
Display boards and units	8 years
Heating system	8 years
Latchways system	20 years

l. Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

m. Gains and losses

All gains and losses are taken to the Statement of Financial Activities. Realised gains and losses on investments are calculated as the difference between sale proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

n. Stock

The shop stock is valued at the lower of cost and net realisable value after allowance for obsolete and slow moving items.

o. Pensions

Southwell Cathedral Chapter participates in the Church of England Funded Pension Scheme and meets the costs of three members of the scheme out of a total membership of approximately 8,500 active members.

The Church of England Funded Pension Scheme is a defined benefit scheme but Southwell Cathedral Chapter is unable to identify its share of the underlying assets and liabilities and therefore accounts for pension costs on the basis of contributions actually payable to the scheme in the year.

The Cathedral has not entered into any agreement with the Church of England Funded Pension Scheme to repay contributions towards the scheme deficit and therefore no present value liability has been recognised in these accounts.

The Cathedral operates a Group Stakeholder Pension Scheme with AVIVA for lay staff. The scheme meets the requirements of a qualifying workplace pension scheme for automatic enrolment. It is a defined contribution scheme, the assets of which are held separately from the Cathedral. Pension costs are recognised in the period they are incurred.

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

p. Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Raising funds
- Ministry
- Cathedral and precincts upkeep
- Education and outreach

q. Repairs, restoration and maintenance of the Cathedral

Expenditure on Cathedral repairs is charged in the Statement of Financial Activities as it is incurred. The costs of routine maintenance and work on the major repair programme are identified separately in the notes to the accounts.

r. Governance costs

These are costs associated with the governance infrastructure which allows the cathedral to operate. These include such expenditure as external audit, legal advice and the cost of constitutional and statutory requirements.

s. Support costs

Support costs are those costs which in themselves do not contribute directly to mission or generate funds and are necessary for those activities to take place. They will include office staff costs, office equipment, information technology, training and general office costs. These costs are allocated to departments on the basis of head count. For 2019 these were as follows:

Department	F.T.E.*	Percentage
	No.	%
Costs of Generating Funds	4.44	21.9
Ministry	9.08	44.7
Cathedrals & Precincts	5.35	26.3
Education & Outreach	1.44	7.1
	20.31	100
Administration	4.49	
Total F.T.E. employees	24.80	

*F.T.E. - Full Time Equivalent

t. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand.

u. Taxation

The Chapter is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

v. Heritage assets

Chapter is a trustee of a heritage asset, being a piece of land which it is to retain in perpetuity for the public benefit for the sole purpose of conservation of archaeological and historical heritage and the advancement of education in the conservation of archaeological and historic heritage.

Where heritage assets are donated, the trustees consider that in the absence of reliable cost information, the expense of determining a reliable valuation of these artefacts is onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets. Heritage assets which are gifted are therefore excluded from the balance sheet in accordance with paragraph 18.15 of the SORP.

w. Related parties

The Cathedral is the parent entity of Southwell Cathedral Chapter Trading Limited, a limited company that carries of trading activities for the benefit of Southwell Cathedral Chapter. During the year The Cathedral purchased items in relation to its mission and ministry from Southwell Cathedral Chapter Trading Limited which totalled £1,555 (2018 - £1,996) and owed £nil (2018 - £108) at the year end.

The Friends of Southwell Cathedral, The Chimes Trust, the Simmons Charity Minster Repair Fund and The Southwell Minster Choir Association, although associated entities, are not controlled by Chapter. Their results are not included in the consolidated financial statements but a summary of their accounts is shown in note 22.

SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

2 INCOME AND ENDOWMENTS FROM:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
(i) Donations and legacies					
Congregational collections and giving	172,725	-	-	172,725	180,506
Donations	83,284	15,209	-	98,493	135,290
Income from appeals and fund raising	-	128,150	-	128,150	112,420
Tax recoverable under Gift Aid	31,599	14,005	-	45,604	38,052
Income from Friends and local trusts	2,270	3,742	-	6,012	1,505
Legacies	250	31,826	-	32,076	1,500
	<u>290,128</u>	<u>192,932</u>	<u>-</u>	<u>483,060</u>	<u>469,273</u>
(ii) Grants in support of mission					
Church Commissioners	-	276,417	-	276,417	288,803
Other revenue and capital grants	12,500	464,240	-	476,740	309,481
	<u>12,500</u>	<u>740,657</u>	<u>-</u>	<u>753,157</u>	<u>598,284</u>
(iii) Charges and fees arising in the course of mission					
Facility and other fees	36,901	12,662	-	49,563	49,839
(iv) Trading and fundraising					
Charges to visitors	39,004	-	-	39,004	38,356
Gross income of shop, refectory and other activities	249,038	10,000	-	259,038	256,005
	<u>288,042</u>	<u>10,000</u>	<u>-</u>	<u>298,042</u>	<u>294,361</u>
(v) Investments					
Property	240,062	-	-	240,062	265,105
Investments	22,338	44,194	-	66,532	69,014
	<u>262,400</u>	<u>44,194</u>	<u>-</u>	<u>306,594</u>	<u>334,119</u>
(vi) Other income					
Interest receivable on short term deposits	550	-	-	550	418
Other items	6,462	-	-	6,462	8,389
	<u>7,012</u>	<u>-</u>	<u>-</u>	<u>7,012</u>	<u>8,807</u>
Total incoming resources	<u>896,983</u>	<u>1,000,445</u>	<u>-</u>	<u>1,897,428</u>	<u>1,754,683</u>

3 EXPENDITURE ON:

(i) Raising funds					
Costs of services directly recoverable	24,433	-	-	24,433	31,288
Gross costs of shop, refectory and other activities	163,747	-	-	163,747	196,709
General marketing costs	76,374	12,462	-	88,836	80,819
Investment property costs	164,105	31,935	-	196,040	203,465
Support costs	21,240	20,013	-	41,253	31,403
	<u>449,899</u>	<u>64,410</u>	<u>-</u>	<u>514,309</u>	<u>543,684</u>

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
(ii) Ministry					
Clergy stipends and working expenses	6,250	105,839	-	112,089	130,638
Clergy housing costs	53,271	8,000	-	61,271	56,156
Clergy support costs	2,053	47,022	-	49,075	44,830
Services, music and congregational costs	217,869	73,736	-	291,605	272,674
Support costs	43,443	40,932	-	84,375	68,391
	<u>322,886</u>	<u>275,529</u>	<u>-</u>	<u>598,415</u>	<u>572,689</u>
(iii) Cathedral and precincts upkeep					
Major repairs and restoration	-	457,713	-	457,713	320,115
Maintenance and interior upkeep	108,499	-	-	108,499	99,769
Cathedral insurance	36,927	-	-	36,927	35,695
Precincts, security and gardens upkeep	6,380	953	-	7,333	8,422
Support costs	25,593	24,114	-	49,707	42,651
	<u>177,399</u>	<u>482,780</u>	<u>-</u>	<u>660,179</u>	<u>506,652</u>
(iv) Education and outreach					
Educational activities	7,059	58,545	-	65,604	72,806
Archives and library	682	-	-	682	4,613
Charitable and other giving	20,940	1,000	-	21,940	19,594
Support costs	6,889	6,491	-	13,380	13,556
	<u>35,570</u>	<u>66,036</u>	<u>-</u>	<u>101,606</u>	<u>110,569</u>
Total expenditure	<u>985,754</u>	<u>888,765</u>	<u>-</u>	<u>1,874,509</u>	<u>1,733,594</u>

4 TOTAL EXPENDITURE ALLOCATIONS

	Direct costs 2019	Support costs 2019	Total 2019	Direct costs 2018	Support costs 2018	Total 2018
	£	£	£	£	£	£
Costs of generating funds	473,056	41,253	514,309	512,281	31,403	543,684
Ministry	514,040	84,375	598,415	504,298	68,391	572,689
Cathedral and precincts upkeep	610,472	49,707	660,179	464,001	42,651	506,652
Education and outreach	88,226	13,380	101,606	97,013	13,556	110,569
	<u>1,685,794</u>	<u>188,715</u>	<u>1,874,509</u>	<u>1,577,593</u>	<u>156,001</u>	<u>1,733,594</u>

5 VAT

Any irrecoverable VAT has been included in the expenditure which gave rise to it. The total amount of irrecoverable VAT for 2019 was £69,808 (2018 - £57,503)

6 TRANSFERS

During the year Chapter members agreed to redesignate £389,892 of the General Endowment balance to the General Unrestricted fund. This is a reversal of amounts previously designated to endowment funds. The balancing £50,000 which was an historic donation towards works to Vicars Court was transferred to the Chapter Endowment fund.

There was also a small deficit balance of £222 on the Quire Aisle roof project which was cleared with a transfer from the fabric restricted fund.

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

7 INVESTMENT PROPERTY

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
At valuation 1 January	727,102	-	4,453,498	5,180,600	5,170,657
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Net increase on revaluation	-	-	-	-	9,943
At valuation 31 December	<u>727,102</u>	<u>-</u>	<u>4,453,498</u>	<u>5,180,600</u>	<u>5,180,600</u>

All investment properties are freehold. The Endowment figures above included land currently valued at £90,000 (2018 - £90,000). The valuation of non-residential properties is carried out by Owen Mathias who is a member of the Finance & Investment Committee and the valuation of residential properties is carried by various agents as required. Owen Mathias is a qualified Chartered Surveyor with knowledge of the local property market. All investment properties are fully assessed every five years in line with the Cathedrals Regulations and this was last completed for the December 2018 year end accounts.

During 2016 Trebeck Hall was transferred from a non-investment property to an investment property due to the changing nature of its use.

Return on investment property

	2019		2018	
	£	£	£	£
Rents receivable		230,911		256,771
Service charge income		9,151		8,334
		<u>240,062</u>		<u>265,105</u>
Repairs and maintenance	(60,117)		(78,517)	
Other property running costs	(111,936)		(94,296)	
Professional fees	(4,392)		(1,200)	
		<u>(176,445)</u>		<u>(174,013)</u>
Loan interest (see note 14 on page 29)		(12,521)		(12,438)
Total return on investment property		<u>51,096</u>		<u>78,654</u>
Heritage Lottery Fund Project expenditure		-		(9,942)
Net incoming on investment properties		<u>51,096</u>		<u>68,712</u>

8 INVESTMENTS

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
Investments at market value 1 January	15,930	542,024	1,193,876	1,751,830	1,845,051
Additions	345	11,367	274,525	286,237	224,966
Proceeds from disposals	(345)	(11,367)	(269,665)	(281,377)	(232,795)
Net increase/(decrease) on disposals and revaluation	2,463	81,427	161,106	244,996	(85,392)
Transfer of investments	389,892	-	(389,892)	-	-
Investments at market value 31 December	<u>408,285</u>	<u>623,451</u>	<u>969,950</u>	<u>2,001,686</u>	<u>1,751,830</u>
Short term deposits	208	6,843	13,435	20,486	32,416
	<u>408,493</u>	<u>630,294</u>	<u>983,385</u>	<u>2,022,172</u>	<u>1,784,246</u>

Investments by type	Equities £	Fixed Interest £	Variable Interest £	Total £
Investments at market value 1 January	510,211	91,908	1,182,127	1,784,246
Investments at market value 31 December	<u>590,235</u>	<u>96,877</u>	<u>1,335,060</u>	<u>2,022,172</u>

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

9 NON INVESTMENT PROPERTY

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
At cost 1 January	-	-	2,780,787	2,780,787	2,780,787
Additions	-	-	-	-	-
Transfer use of Property	-	-	-	-	-
At cost 31 December	-	-	2,780,787	2,780,787	2,780,787

No depreciation has been charged on the freehold or long leasehold properties.

Non investment properties are held as follows:

	Freehold	Leasehold >50 years	Leasehold <50 years	Total 2019	Total 2018
	£	£	£	£	£
At 1 January					
For cathedral trading activities	384,182	-	-	384,182	384,182
For cathedral clergy and staff housing	2,396,605	-	-	2,396,605	2,396,605
	2,780,787	-	-	2,780,787	2,780,787
At 31 December					
For cathedral trading activities	384,182	-	-	384,182	384,182
For cathedral clergy and staff housing	2,396,605	-	-	2,396,605	2,396,605
	2,780,787	-	-	2,780,787	2,780,787

Impairment reviews are carried out annually by the Finance & Investment committee members, assisted by Owen Mathias who is a member of the committee. It was agreed that no significant adjustment is necessary for the accounts as at 31 December 2019.

Church Street Land – Heritage asset

During 2015, Chapter became the trustee of a property trust which holds a piece of land that is the site of Roman ruins. Chapter is to retain the land in perpetuity for the public benefit, principally for the advancement of education in conservation of archaeological and historic heritage.

The asset has not been included on the balance sheet as the purchased cost of the land has no relevance as its primary purpose is for archaeological and historical study, and its value would differ dependent on the user. The site is unique and therefore there is no readily available market value, and trustees consider that in the absence of reliable cost information, the expense of determining a reliable valuation of this site is onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the asset.

10 EQUIPMENT AND PLANT

Cathedral and Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
Cost	119,643	265,973	-	385,616	381,388
Depreciation	(117,517)	(189,825)	-	(307,342)	(276,715)
Net book value at 1 January	2,126	76,148	-	78,274	104,673
Additions	5,362	-	-	5,362	4,228
Disposals	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-
Depreciation for year	(1,497)	(28,017)	-	(29,514)	(30,627)
Net book value at 31 December	5,991	48,131	-	54,122	78,274
Cost	125,005	265,973	-	390,978	385,616
Depreciation	(119,014)	(217,842)	-	(336,856)	(307,342)
Net book value at 31 December	5,991	48,131	-	54,122	78,274

11 STOCKS

Goods for resale	77,946	-	-	77,946	68,821
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Stock relates solely to trading stock held in Southwell Cathedral Chapter Trading Ltd.

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

12 DEBTORS	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
<i>Group</i>	£	£	£	£	£
Trade debtors	6,527	-	-	6,527	6,707
Other debtors	29,437	113,752	-	143,189	110,422
Prepayments and accrued income	7,967	1,722	-	9,689	9,726
	43,931	115,474	-	169,405	126,855
<i>Cathedral</i>	£	£	£	£	£
Trade debtors	3,445	-	-	3,445	4,970
Amount due from subsidiary undertaking	73,281	-	-	73,281	74,385
Other debtors	29,437	113,752	-	143,189	110,422
Prepayments and accrued income	7,967	1,722	-	9,689	9,726
	114,130	115,474	-	229,604	199,503

13 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

Group	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£	£
Bank loan (see note 14)	23,390	-	-	23,390	22,537
Trade creditors	9,199	-	-	9,199	9,628
Other creditors	54,932	60,837	-	115,769	73,695
Accruals and deferred income	19,482	1,584	-	21,066	18,784
	107,003	62,421	-	169,424	124,644
<i>Cathedral</i>	£	£	£	£	£
Bank loan (see note 14)	23,390	-	-	23,390	22,537
Trade creditors	1,156	-	-	1,156	1,461
Other creditors	54,932	60,837	-	115,769	67,951
Accruals and deferred income	19,482	1,584	-	21,066	18,784
	98,960	62,421	-	161,381	110,733

14 CREDITORS - AMOUNTS DUE BEYOND ONE YEAR

Cathedral and Group

The £370,663 (2018 - £391,792) creditor due after more than one year is the proportion of the total loan balance of £394,053 that is not payable in 2020. This is a repayment bank loan from National Westminster Bank plc which is payable over twenty years from September 2014. The loan is secured against Bishop's Manor. The rate of interest is 2.35% per annum above the Bank's Base Rate and is reviewed every five years.

An analysis of the amounts falling due is below:

* in one year or less (under current	23,390
* between one and two years	23,970
* between two and five years	75,538
* in five years or more	271,155

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

16 FUNDS

Movement in Consolidated Funds

a. Endowment Funds	As at 1st January 2019	Funds Introduced	Incoming Resources	Resources Expended	Gains	Transfers	As at 31st December 2019
	£	£	£	£	£	£	£
General	439,892	-	-	-	-	(439,892)	-
Fabric	363,248	-	-	-	45,416	-	408,664
Chapter Fund	7,026,050	-	-	-	77,057	50,000	7,153,107
Music	405,992	-	-	-	33,494	-	439,486
Other	205,429	-	-	-	5,139	-	210,568
	8,440,611	-	-	-	161,106	(389,892)	8,211,825

	As at 1st January 2018	Funds Introduced	Incoming Resources	Resources Expended	Gains	Transfers	As at 31st December 2018
	£	£	£	£	£	£	£
General	439,892	-	-	-	-	-	439,892
Fabric	380,537	-	-	-	(17,289)	-	363,248
Chapter Fund	7,041,501	-	-	-	(15,451)	-	7,026,050
Music	424,439	-	-	-	(18,447)	-	405,992
Other	207,139	-	-	-	(1,710)	-	205,429
	8,493,508	-	-	-	(52,897)	-	8,440,611

General - includes the realised gains on property and investments. The fund also includes a small transfer of funds from the Cathedral Council prior to 1985.

Fabric - established by constitution and statutes from 1967 to provide an income solely for the repair and maintenance of the fabric of the Cathedral Church, but without prejudice to payments being made for these purposes from other funds.

Chapter Fund - funds arising from the sale of property and investments prior to the combination of accounts for the Cathedral Chapter and Cathedral Council in the 1970's.

Music - includes capital grants from the Friends of the Cathedral Music and funds from a Capital & Projects funding campaign for a music foundation.

Other - other capital grants including the Summers Bequest used for various specific purposes.

b. Restricted Funds	As at 1st January 2019	Incoming Resources	Resources Expended	Gains	Transfers	As at 31st December 2019
	£	£	£	£	£	£
Fabric	292,821	51,580	(22,287)	39,349	(222)	361,241
Music	175,228	17,132	(29,450)	24,062	-	186,972
Education	33,094	-	-	-	-	33,094
Library	65,150	2,497	(233)	9,751	-	77,165
Great Hall	47,396	1,219	(14,115)	-	-	34,500
The Leaves Project (Match Funding)	107,727	223,603	(43,773)	-	-	287,557
NHLF* - The Leaves of Southwell Project	(22,763)	361,896	(377,581)	-	-	(38,448)
Quire Aisle roof project	11,417	1,280	(12,919)	-	222	-
Other	402,092	341,238	(388,397)	8,265	-	363,198
	1,112,162	1,000,445	(888,755)	81,427	-	1,305,279

	As at 1st January 2018	Incoming Resources	Resources Expended	Gains	Transfers	As at 31st December 2018
	£	£	£	£	£	£
Fabric	298,239	26,521	(21,632)	(10,307)	-	292,821
Music	194,531	13,994	(26,994)	(6,303)	-	175,228
Education	33,094	-	-	-	-	33,094
Library	66,949	2,517	(1,762)	(2,554)	-	65,150
Great Hall	39,012	1,282	(22,993)	-	30,095	47,396
NHLF* - Archbishop's Palace Project	13,725	47,945	(31,575)	-	(30,095)	-
The Leaves Project (Match Funding)	32,780	117,869	(42,922)	-	-	107,727
NHLF* - The Leaves of Southwell Project	-	140,499	(163,262)	-	-	(22,763)
Quire Aisle roof project	(19,201)	116,522	(85,904)	-	-	11,417
Other	400,353	363,981	(359,499)	(2,743)	-	402,092
	1,059,482	831,130	(756,543)	(21,907)	-	1,112,162

* NHLF - National Lottery, Heritage Fund (previously Heritage Lottery Fund)

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

15 FUNDS (Continued)

b. Restricted Funds (Continued)

Fabric - funds from restricted donations and income from the fabric endowment fund.

Music - funds from restricted donations and income from the music endowment fund.

Education - residue of donations and grants to fund the Education Centre.

Library - funds from the sale of library items.

Great Hall - funds from restricted donations towards the Archbishop's Palace National Lottery, Heritage Fund project.

The Leaves Project (Match Funding) - funds from restricted donations towards The Leaves of Southwell Project.

National Lottery, Heritage Fund - A development grant of £299,700 was awarded from the National Lottery, Heritage Fund (NLHF), for The Leaves of Southwell Project during 2017 and the first £71,636 of this was received during 2018. Further grant income of £194,547 was received in 2019 including a debtor of £68,863 for grant funds requested in 2018. The full grant awarded was not required to fulfil the requirements of this stage.

Following the successful development stage, the project was awarded a £1,909,600 grant by the NLHF for the delivery stage and the first £77,044 was received in 2019. The balance of which, including a debtor of £112,752 for grant funds requested in 2019, will be received over the remaining three years of the project.

Quire Aisle roof project - In 2016 The Cathedral was awarded two grants totalling £586,000 from the First World War Centenary Cathedral Repairs Fund to re-roof the North and South Quire Aisles. The final retention payment on the building works was paid in 2019.

Other - other incoming donations restricted for specific purposes including Time Travelling.

c. Designated Funds

	As at 1st January 2019	Incoming Resources	Resources Expended	Losses	Transfers	As at 31st December 2019
	£	£	£	£	£	£
Designated	6,165	631	(59)	-	-	6,737
Music (Metcalfe bursary)	16,257	-	-	2,463	-	18,720
	22,422	631	(59)	2,463	-	25,457

	As at 1st January 2018	Incoming Resources	Resources Expended	Losses	Transfers	As at 31st December 2018
	£	£	£	£	£	£
Designated	5,590	635	(60)	-	-	6,165
Music (Metcalfe bursary)	16,902	-	-	(645)	-	16,257
	22,492	635	(60)	(645)	-	22,422

Designated - general donations which the Dean and Chapter have earmarked for specific purposes.

Music (Metcalfe bursary) - a bequest designated by the Cathedral Council for chorister bursaries.

16 EMPLOYEES

	2019 No.	2018 No.
Staff numbers		
Average number of paid employees working for the cathedral during the year (including clergy paid by the Church Commissioners):		
Full time	12.5	12.5
Full time equivalent of part time staff	12.3	11.1
Total	24.8	23.6
The average number of employees during the year	36.0	31.0
Staff costs		
Salaries and stipends	£ 582,090	£ 545,151
Employers national insurance	42,885	41,762
Employers apprenticeship levy	288	353
Employers pension contributions	72,613	69,528
Total	697,876	656,794

No employee or member of the Cathedral clergy received emoluments in excess of £60,000 in either year.

17 REMUNERATION OF MEMBERS OF THE CHAPTER

	Stipend / salary	Apprenticeship levy	Employers NI	Pension	Total 2019	Total 2018
	£	£	£	£	£	£
Clerical Members						
The Very Revd Nicola Sullivan	36,750	149	3,022	12,050	51,971	50,913
The Rev Canon Nigel Coates (to 30/9/19)	21,538	98	1,805	7,218	30,659	40,405
The Rev Canon Richard Frith (from 8/9/19)	9,073	41	760	3,027	12,901	-
The Rev Canon Jacqui Jones (to 11/7/18)	-	-	-	-	-	22,194
Financed by Church Commissioners	67,361	288	5,587	22,295	95,531	113,512

The remuneration and pension provision for the clerical members are paid by the Church Commissioners and Cathedral Chapter in accordance with scales laid down annually by themselves, the Archbishops' Council and the Church of England Pensions Board.

Clerical members disclosed above are housed by Cathedral Chapter. In addition Revd Mathew Askey, an employee of The Southwell Minster School (to 31/8/19), was provided housing only by Cathedral Chapter to to this date.

Total expenses reimbursed to 3 clerical members of Chapter for travel, hospitality and stationery	£5,523	£8,955
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**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

18 AUDITOR'S REMUNERATION

Audit fee (including VAT)	£7,854	£7,254
Other services (including VAT)	£900	£2,400

19 OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:	2019	2018
Within one year	£	£
Between two and five years	2,148	2,148
	<u>3,758</u>	<u>5,906</u>
	5,906	8,054

20 PRIOR YEAR COMPARATIVE SOFA

	Unrestricted General Fund £	Designated Funds	Restricted Funds £	Endowment Funds £	Total Funds 2018 £
Income and Endowments from:					
Donations and legacies	293,707	-	175,566	-	469,273
Grants in support of mission	-	-	598,284	-	598,284
Charges and fees arising in the course of mission	36,031	-	13,808	-	49,839
Trading and fundraising	294,361	-	-	-	294,361
Investments	290,012	635	43,472	-	334,119
Other income	8,807	-	-	-	8,807
Total Income	922,918	635	831,130	-	1,754,683
Expenditure on:					
Raising funds	(464,527)	(60)	(79,097)	-	(543,684)
Ministry	(318,209)	-	(254,480)	-	(572,689)
Cathedral and precincts upkeep	(160,030)	-	(346,622)	-	(506,652)
Education and outreach	(34,225)	-	(76,344)	-	(110,569)
Total Expenditure	(976,991)	(60)	(756,543)	-	(1,733,594)
Net income/(expenditure) before investment gains	(54,073)	575	74,587	-	21,089
Net gains/(losses) on investments	-	(645)	(21,907)	(62,840)	(85,392)
Net income/(expenditure)	(54,073)	(70)	52,680	(62,840)	(64,303)
Other recognised gains /(losses)					
Investment property	-	-	-	9,943	9,943
Non investment property	-	-	-	-	-
	-	-	-	<u>9,943</u>	<u>9,943</u>
Gross transfers between funds	-	-	-	-	-
Net movement in funds	(54,073)	(70)	52,680	(52,897)	(54,360)
Total funds brought forward 1 January 2018	295,923	22,492	1,059,482	8,493,508	9,871,405
Total funds carried forward 31 December 2018	241,850	22,422	1,112,162	8,440,611	9,817,045

Following the update to the Cathedral Accounting & Reporting Regulations which took effect from the 1st of January 2015, governance costs are no longer shown as a separate item on the Statement of Financial Activities, and are now shown within Support Costs which are allocated across departments on the basis of head count.

21 POST BALANCE SHEET EVENT

As part of their assessment of the going concern basis of preparation, Chapter have considered the impact of the COVID-19 pandemic on the entity's income and operating cost base. See note 1a. It is the view of Chapter that the events which have significantly impacted the entity are the direct result of Government and international policy in response to the pandemic (for example restrictions on travel, trade and personal interactions) and such policy only arose after the balance sheet date. Chapter therefore consider the impact of the COVID-19 on the Cathedral to be a non-adjusting post-balance sheet event.

**SOUTHWELL CATHEDRAL CHAPTER
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

22 CONNECTED ENTITIES

The following entities operate wholly for the benefit of the Cathedral's ministry but are not controlled by Chapter and therefore are not consolidated in the accounts of the Cathedral. Any payments made to the Cathedral or for its benefit are at the discretion of the trustees of the entities.

a The Friends of Southwell Cathedral (Registered Charity no. 1039131)

"The Friends" have a separate constitution with the objects of promoting the restoration, maintenance, repair and improvement of the fabric, ornaments, vestments, fittings, furniture and furnishings of the Cathedral, to maintain its public worship and music, and to further other charitable purposes relating to the Cathedral.

Members of the Council of The Friends include the Bishop of Southwell, the Dean of Southwell and a member appointed by each of the College of Canons and the Cathedral Chapter.

The accounts of The Friends have been independently examined and the report was unqualified.

	31.12.19	31.12.18
	£	£
<i>Amount paid or payable to the Cathedral</i>		
Total incoming resources	36,432	35,453
Net incoming (outgoing) resources	48,034	37,662
Gains / (losses) on investments	1,047	(13,899)
Gross assets	62,220	(43,610)
Gross assets	691,518	632,181
Net assets	687,443	624,176

b The Chimes Trust (Registered Charity no. 241545)

The Chimes Trust dates from a settlement made in 1822. The purposes of the Trust is to maintain and repair the Chimes and fabric of the Cathedral. The Trustees include the Dean of Southwell.

The accounts of the Trust have been independently examined and the report was unqualified.

	5.4.19	5.4.18
	£	£
<i>Amount paid or payable to the Cathedral</i>		
Total incoming resources	1,086	1,784
Net incoming resources	24,617	22,348
Gains / (losses) on investments	27,947	51,825
Gross assets	15,461	(53,349)
Gross assets	775,172	729,936
Net assets	700,819	657,411

c Simmons Charity Minster Repair Fund

The Simmons Charity Minster Repair Fund was created by a Trust Deed in 1966 for the purpose of repairs to the Cathedral's fabric. The Dean of Southwell is one of the two Trustees.

	31.12.19	31.12.18
	£	£
<i>Amount paid or payable to the Cathedral</i>		
Total incoming resources	33,136	3,063
Net incoming resources	9,752	9,581
Gains on investments	(26,167)	3,744
Gross assets	8,262	7,740
Gross assets	231,985	249,817
Net assets	228,849	246,754

d The Southwell Minster Choir Association (Registered Charity no. 1000584)

The Southwell Minster Choir Association promotes the study and practice of choral music, particularly church music, and the development of the Southwell Minster Choir.

The accounts of the Association have been independently examined and the report was unqualified.

	31.3.19	31.3.18
	£	£
<i>Amount paid or payable to the Cathedral</i>		
Total incoming resources	3,532	3,846
Net incoming resources	46,317	25,242
Gains on investments	10,608	6,728
Gross assets	428	1,155
Gross assets	35,948	38,994
Net assets	35,528	38,994

23 PRIOR YEAR ADJUSTMENTS

The Debtors figures on the Cathedral Balance Sheet on page 20 has been reduced for 2018 to adjust for the timing of gift aided trading profits.

	2018
	Total
	£
Debtors	220,051
Prior year adjustment regarding the timing of gift aided profits	(20,548)
Restated Debtors	199,503