



WINCHESTER  
CATHEDRAL

# **ANNUAL REPORT**

## **STATUTORY SUPPLEMENT AND AUDITED ACCOUNTS**

FOR THE YEAR ENDED  
31 MARCH 2021

The Cathedral Church of the  
Holy Trinity, St Peter and St Paul,  
and of St Swithun in Winchester

# Annual Report Statutory Supplement and Audited Accounts 2020/21

## Contents

<b>1</b>	<b>Aims and Objectives</b>	<b>3</b>
<b>2</b>	<b>Chapter Report</b>	<b>4</b>
<b>3</b>	<b>Legal and administrative information</b>	<b>7</b>
	3.1 Legal name of the Cathedral	7
	3.2 Chapter Office	7
	3.3 Chapter	7
	3.4 Officers of the Foundation	7
	3.5 Council	7
	3.6 College of Canons	8
	3.7 Other key appointments	9
	3.8 Finance and Investment Advisory Committee	9
	3.9 Fabric Advisory Committee	9
	3.10 Winchester Cathedral Enterprises Ltd	9
	3.11 Auditors	10
	3.12 Bankers and other professional advisers	10
	3.13 Volunteer Section Heads	11
<b>4</b>	<b>Structure, governance and management</b>	<b>11</b>
	4.1 Governing Statute	11
	4.2 Relationship with the Diocese of Winchester	11
	4.3 Organisational structure – the body corporate	12
	4.4 Organisational structure – other key committees and groups	12
	4.5 Other organisations associated with the work of the Cathedral	13
	4.6 Chapter appointments and training	13
	4.7 Chapter’s financial responsibilities	13
	4.8 Clergy and senior staff changes	14
	4.9 Investment powers	14
	4.10 Public Benefit	14
	4.11 Risk	14
<b>5</b>	<b>Financial Review</b>	<b>15</b>
	5.1 Reserves Policy	15
	5.2 Investment Policy – Endowment funds and total returns	15
	5.3 Investment Policy	16
	5.4 Investment performance	16
	5.5 Cathedral maintenance plan	18
	5.6 Five-year trends	18
	5.7 Commentary on the 2020/21 results	18
<b>6</b>	<b>Plans for future periods</b>	<b>20</b>
<b>7</b>	<b>Going Concern</b>	<b>20</b>
<b>8</b>	<b>Audited Accounts</b>	<b>22</b>

# 1 Aims and Objectives

Winchester Cathedral is the seat of the Bishop of Winchester, the Rt Revd Timothy Dakin, and a centre of worship and mission for the Diocese, living the mission of Jesus and serving the common good.

## **Mission**

To renew, inspire and unite people in faith, hope and love.

## **Our calling**

To be a Christian community of worship, witness and welcome, rooted in Benedictine values and confident of growth.

To play a full part in the mission of the Diocese of Winchester and more widely to serve the whole Church of God in Christ Jesus.

To be a sign of the Kingdom of God, seeking in partnership with others the unity, peace and justice which is God's gift and will for the world.

To nurture Christian faith, hope and learning across the generations, using the abundant heritage of our tradition.

To be a diverse community in which people flourish in one body through collaboration, mutual respect and shared celebration.

To conserve and develop the buildings, contents and estates in our care.

To thrive and not just survive.

## 2 Chapter Report

### **Lessons in loving, lament and hope or Looking to the future with faith, hope and love**

The past year has been one unprecedented in modern times, as the nation sought to overcome the global Coronavirus pandemic. Every aspect of cathedral and community life was affected. Weaknesses were revealed and enormous strength and ingenuity discovered.

In response to rising rates of viral transmission the financial year began during the first lockdown. The message of 'stay home and save lives' to support the over-stretched NHS led to the closure of church buildings. As the cathedral, the shop and the cafe closed, all social and volunteering activity ceased and many staff were furloughed.

When all else ceased, Cathedral life became prayer, worship, pastoral care and encouragement. The building was closed but the church remained alive and active.

Necessity became the mother of invention as clergy, Virgers and musicians worked within changing guidelines throughout the year, with two further lockdowns, and subsequent openings, to provide worship with music when possible. The cathedral experienced a revolution in digital activity, as prayer, worship, pastoral care and encouragement took place on-line (supplemented by telephone calls and letters in the post). Worship for Easter 2020 took place entirely online with services filmed by clergy, unable to enter church, in their homes and gardens. This effort proved imaginative and supportive for our congregations and new world-wide audiences.

Flexibility was required throughout the year to do what could be done, as well as possible, with the resources available and within the changing guidelines. During the year the Friends of Winchester Cathedral enabled investment in broadcasting technology in the cathedral which vastly increased our capability and ambition.

At times congregations could come to worship, at other times only 'private prayer and reflection' were allowed. Morning Prayer took place on Zoom, Evensong was live-streamed and throughout the year fellowship took place afterwards on Zoom gathering a world-wide community. Daily reflections from the clergy and weekly written messages from the Dean, and weekly column for the Hampshire Chronicle were well received pastoral initiatives. Some services and events during the year, including SCF, were cancelled. Funerals, weddings and ordinations were Covid-compliant and had small physical congregations but could be live-streamed.

Sunday worship congregations resumed on Passion Sunday. Holy Week and Easter 2021 offered both a complete programme of worship in the building with ticketed congregations and a complete and professional live-stream. We had taken quite a journey!

Cathedral finances were very seriously affected with the loss of entrance charges, catering, shop income and Christmas market. Many staff were furloughed leaving only a core operational team. Expenditure was cut and grant-funding sought. We learnt the value of holding reserves and were able to liquidate designated funds set aside for other projects. We were fortunate that going into lockdown all rental properties were occupied.

In response to these challenges we were very successful in accessing grant funding. The cathedral began on-line giving and offering contactless giving points in the cathedral, including a contactless 'plate'. A focus on stewardship renewal took place during the Winter and many people made generous donations during the year.

The pandemic has been a catalyst to change in several areas which will now frame how the Cathedral works in the next year.

**Digital Cathedral:** a commitment to ‘connecting wherever you are’ to building up the local, national and international congregations and audiences in order to proclaim the gospel and enable greater connection and diversity of relationships. During lockdown we learnt the usefulness of Zoom for staff meetings, community meetings, section-heads, Open-Chapter and learning, including lectures and the Holocaust Memorial open evening. This use will continue to supplement physical meetings when these are impractical.

**Green Cathedral:** a commitment to ‘caring for our home’ both the Cathedral estate, and our earthly home. Pandemic taught that we are one world and that the climate emergency affects everyone. The experience of lock-down with reduced levels of traffic, air pollution and greater awareness of nature and its role in well-being has been a catalyst to ambitions of carbon-neutrality by 2030 and a greener future for the cathedral and estate. It is hoped that Wolvesey, The Pilgrims’ School and the Cathedral can partner together for maximum impact.

**Creative Cathedral:** art installations during the year by Gill Sakakini brought connection through creativity, both in colourful celebration of opening after lock-down and in poignant lanterns enabling the community to come together just before Christmas. We now plan to programme a significant arts programme throughout the year to bring rich connection with diverse ages and audiences.

**Growing Cathedral:** a vision to grow in faith, hope and love. Pandemic revealed both the vulnerability of humanity and our human potential for selfless love. The Cathedral vision and values stood up to testing and we long to share faith, hope and love in all aspects of the life of the Cathedral. To support this the clergy team will be brought back to four residentiary Canons by the appointment of a Canon Missioner.

**One Cathedral:** a commitment to ‘everyone matters’. Seeking to be a community of care, and a place of safety for all, everyone matters to the life of the Cathedral. Everyone has a part to play.

During the year the new communications team achieved high profile press coverage of art installations and of liturgies. The return of the boy choristers featured on both South Today and Meridian. Close working with the Bishop’s office and senior team enabled a new level of collaboration in terms of communications and worship, which has been very welcome.

On 23 March a liturgy was planned for the anniversary of the first lock-down, to take place around a large grass ‘cross of hope’ on the floor of the empty Nave. This became the anchor location for the BBC national programme of silence at noon. The cathedral and the huge, yet humble green cross, speaking both of sacrifice and hope, was viewed across the nation and across the world and the prayers were heard before and after the national silence.

Following the pandemic there is pressing need for income generation to fund recovery. Effort and imagination is going into planning the diary for 2021. Changing business needs will inevitably lead to some need for reorganisation. This will be painful, but inevitable. We must change with a changing context and gain organisational shape and skills to fit new tasks.

Changes to the Cathedral Measure governing English Cathedrals moved through the parliamentary process during the year and Chapter prepared for these including anticipated registration with the Charity Commission. The cathedral community also underwent extensive training and preparation for the SCIE Safeguarding Audit postponed to May 2021. The Organ Appeal was postponed in 2020 to resume later in 2021 to enable the necessary maintenance work to proceed in 2023.

The Friends of Winchester Cathedral celebrate their 90th anniversary in 2021 and we look forward to celebrations with gratitude for their faithful support of the cathedral.

During the year the Receiver General, Canon Annabelle Boyes retired. In her place and in line with the new Cathedrals Measure recruitment took place for a Chief Operating Officer (full-time) Alison Evans and a Chief Finance Officer (part-time) Gary Carpenter CFO. Tom Burden, Head teacher of The Pilgrims' School left to take up training for ordination and Dr Sarah Essex was appointed the new Head teacher. In January Canon Mark Collinson left the cathedral to take up full-time ministry as Diocesan Director of Ministry.

Many dear members of the congregation, relatives and friends died during the past year and we lament their loss. Amongst these was The Very Revd James Atwell, the previous Dean whose cathedral Requiem Funeral was joined by a world-wide congregation on live-stream. Two former lay clerks also sadly died during the year, Tim Pride and Simon Barwood.

Chapter is profoundly grateful to the cathedral staff team for their commitment to working through all the changes and chances of this time. We face great challenges as we work towards operational and financial recovery, but I am proud of how we have responded to these days. Pastoral and liturgical life have been, in some ways, enhanced. Many important lessons have been learnt that open up new possibilities of future ministry and working as we look to the future with faith, hope and love.

The Very Rev'd Catherine Ogle, Dean of Winchester

### 3 Legal and administrative information

#### 3.1 Legal name of the Cathedral

The legal name of the Cathedral is: The Cathedral Church of the Holy Trinity, St Peter and St Paul, and of St Swithun in Winchester

Name commonly used: Winchester Cathedral

#### 3.2 Chapter Office

The Cathedral Office  
9 The Close  
Winchester  
Hampshire SO23 9LS

Telephone: 01962 857200

E-mail: cathedral.office@winchester-cathedral.org.uk

Website: www.winchester-cathedral.org.uk

#### 3.3 Chapter

Members of Chapter during the year to 31 March 2021 were as follows:

The Dean	The Very Revd Catherine Ogle
Vice-Dean & Canon Chancellor	The Revd Canon Dr Roland Riem
Receiver General & Canon Treasurer	Canon Annabelle Boyes MBE DL (until 31 October 2020)
Canon Principal	The Revd Canon Mark Collinson (until 31 December 2020)
Canon Precentor & Sacrist	The Revd Andy Trenier
Lay Canon	Canon Mark Byford
Lay Canon	Canon Jane Hands
Lay Canon	Canon George Medd

#### 3.4 Officers of the Foundation

High Steward	His Grace The Duke of Wellington OBE DL
Counsellor	His Honour Michael Brodrick
Clerk at Law	Julian Hartwell

#### 3.5 Council

Members of the Cathedral Council during the year to 31 March 2021 were as follows:

Miss Jean Ritchie QC (Chair) (Bishop's appointment)  
The Very Revd Catherine Ogle (ex officio)  
Canon Annabelle Boyes MBE DL (Chapter appointment) (until 31 October 2020)  
Brigadier Alastair Bruce of Crionaich OBE DL (Bishop's appointment)  
Mr David Evans (Bishop's appointment)  
Canon Jane Hands (Chapter appointment)  
Lady Louisa Portal MBE DL (Bishop's appointment)  
The Revd Canon Dr Roland Riem (Chapter appointment)  
Mr Martin Rudd (Bishop's appointment)  
The Revd Canon Peter Seal (appointed by College of Canons)  
Mr George Seligman (Bishop's appointment)  
Ms Natalie Shaw (elected by Cathedral community)  
The Revd Canon Jo Stoker (appointed by College of Canons)  
Mr Paul Wing (elected by Cathedral community)  
The Revd Dr Andrew Wood (Bishop's appointment)

Visitor: The Rt Revd Timothy Dakin, Lord Bishop of Winchester  
Mr Stephen Adam (Minutes Secretary)

### 3.6 College of Canons

#### Visitor

Lord Bishop of Winchester, The Rt Revd Timothy Dakin

#### The Chapter of Winchester

The Dean of Winchester, The Very Revd Catherine Ogle

Vice-Dean & Canon Chancellor, The Revd Canon Dr Roland Riem

Canon Precentor, The Revd Canon Andy Trenier

Receiver General & Canon Treasurer, Canon Annabelle Boyes MBE DL (until 31 October 2020)

Canon Principal, The Revd Canon Mark Collinson (until 31 December 2020)

Canon Mark Byford

Canon Jane Hands

Canon George Medd

#### Dignitaries of the diocese

The Bishop of Basingstoke, The Rt Revd David Williams

The Bishop of Southampton, The Rt Revd Debbie Sellin

The Dean of Guernsey, The Very Revd Tim Barker

The Dean of Jersey, The Very Revd Mike Keirle

The Archdeacon of Winchester, The Venerable Richard Brand

The Archdeacon of Bournemouth, The Venerable Dr Peter Rouch (until October 2020)

The Rt Revd Canon Abbot Giles Hill OSB, Abbot of Alton

#### Other Canons

The Revd Canon Clive Hawkins (2005)

The Revd Canon Jo Stoker (2008)

The Revd Canon Gary Philbrick (2009)

The Revd Canon Geoff Houghton (2011)

The Revd Canon Dr Andrew Goddard (2012)

The Revd Canon Peter Seal (2013)

The Revd Canon Karen Mackinnon (2014)

The Revd Canon Howard Wright (2016)

The Revd Canon Andy McPherson (2016)

The Revd Canon Richard Harlow (2017)

The Revd Canon Peter Salisbury (2017)

The Revd Canon Brian Wakelin (2017)

The Revd Canon Christine Dale (2017)

The Revd Canon Fiona Gibbs (2017)

The Revd Canon Dr Erica Roberts (2020)

The Revd Canon Marion de Quidt (2020)

The Revd Canon Charles Stewart (2020)

The Revd Canon Linda Scard (2020)

The Revd Canon Mike Powis (2020)

The Revd Canon Dodie Marsden (2020)

The Revd Canon Dr Francis Orr-Ewing (2018) – Canon Theologian



Canon Andrew Robinson, Diocesan Secretary

### **Ecumenical Canons**

The Abbot of Fleury (2011)

The Revd Canon Paul Townsend (2016)

The Revd Canon Dr Howard Mellor (2016)

The Revd Canon Dr Andrew Wood (2016)

The Revd Canon Billy Kennedy (2016)

### **3.7 Other key appointments**

Receiver General & Canon Treasurer	Mrs Annabelle Boyes MBE DL Cdir FloD FLCM (until 31 Oct 2020)
Chief Operating Officer	Ms Alison Evans (from 23 November 2020)
Chief Finance Officer	Mr Gary Carpenter (from 13 October 2020)
Cathedral Architect	Mr Nick Cox MA (Cantab) Dip Arch RIBA AABC Nick Cox Architects, 77 Heyford Park Upper Heyford OX25 5HD
Archaeologist	Dr John Crook MA FSA DPhil (until 14 January 2021) 52 Canon Street Winchester SO23 9JW
Director of Music	Mr Andrew Lumsden MA FRCO

### **3.8 Finance and Investment Advisory Committee**

Mr Edmund Byers (chair)

The Very Revd Catherine Ogle – The Dean (Chapter)

The Revd Canon Dr Roland Riem – Vice-Dean & Canon Chancellor (Chapter)

Mrs Annabelle Boyes MBE DL - Receiver General & Canon Treasurer (Chapter) (until 31 October 2020)

Mr Mark Byford – Lay Canon (Chapter) (from 16 February 2021)

Mr Stephen Frost

The Lord Poole

Mr John Pringle

Mr Gary Carpenter – Chief Finance Officer (in attendance) (from 13 October 2020)

Mr Christiaan Beech - Head of Finance (in attendance)

### **3.9 Fabric Advisory Committee**

Professor Martin Biddle CBE (Chair)

Mr Antony Feltham-King (Vice Chair)

Mr Christopher Gordon

Mr John Spokes QC

Professor Michael Wheeler

Professor Barbara Yorke

The Revd Jeremy Davies

The Very Revd Catherine Ogle – The Dean (in attendance)

Mrs Annabelle Boyes MBE DL – Receiver General & Canon Treasurer (Secretary) (until 31 October 2020)

Ms Alison Evans – Chief Operating Officer (in attendance)

Mr Nick Cox, Cathedral Architect (in attendance)

Dr John Crook, Cathedral Archaeologist (in attendance) (until 14 January 2021)

### **3.10 Winchester Cathedral Enterprises Ltd**

Mr Damien Carpanini (Director and Chair)

Mrs Annabelle Boyes MBE DL (Managing Director) (until 31 October 2020)

The Revd Canon Dr Roland Riem (Director)

Mr Robert Carr-Archer (Director)  
Mr Rupert Ellwood (Director)  
Ms Alison Evans (Director from 13 May 2021)  
Mr Christiaan Beech (Company Secretary)

### 3.11 Independent Auditor

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

### 3.12 Bankers and other professional advisers

Bankers	National Westminster Bank plc High Street Winchester SO23 9AW
Clerk at Law	Mr Julian Hartwell LLB Martyrwell, Cheriton Alresford, Nr Winchester SO24 02A
Occupational Health Adviser	Dr S Chapman Swift Medical Services, St Clements Partnership Tanner Street, Winchester SO23 8AP
Property Agents	Carter Jonas 9a Jewry Street Winchester SO23 8RZ
Quantity Surveyors	David Bailey Associates 11 Clearmount Road Weymouth DT4 9LD
Solicitors	Godwins 12 St Thomas Street Winchester SO23 9HF
Media Advisor	Chilton Media Law 8 West Street London WC2H 9NG
Investment Managers	Cazenove Capital Management Ltd 12 Moorgate London EC2R 6DA
Investment Managers	CCLA Investment Management Ltd 80 Cheapside London EC2V 6DZ

### 3.13 Volunteer Section Heads

Mrs Carole Barrett, Hospitality Team  
Mrs Frances Carroll, Dean Garnier Gardeners  
Mrs Elaine Howells, Litter Pickers  
Mr Martin Lane, Head Sidesman  
Mrs Jo Bartholomew, Curator, librarian & cleaning team  
Mrs Cheryl Bryan, Children's education  
Mrs Audrey Constantine, Intercessions  
Mrs Anne Lovett, South Transept Co-ordinator  
The Revd Nick Fennemore, Visitor Chaplains  
Mrs Brenda Fletcher, Information Desk  
Mr Phillip Johnson, Calligraphers  
Mr Robert Little, Guides  
Mr Brian Scott, Welcoming Stewards  
Mr Jeff Steer, Tower Tour Guides  
Mrs Priscilla Welch, Children's Church  
Miss Chloe Sheppard, Close Pastor  
Ms Jenny Hobbs, Education & Spirituality  
Mr Nick Bucknall, Bell Ringers  
Mrs Rhian Bufton, Choir Chaperone  
Mr Keith Clark, Junior Choir  
Mrs Anna Diamond, Broderers  
Mrs Carol Geddes & Mr Richard Steadman, Chamber Choir  
Mr Daren Gibb, Virgers, Communion Assistants & Communion linen  
Ms Claudia Grinnell, Nave Choir  
Mrs Andrea Hall, Wardrobe Team  
Mrs Judith Oakes, Sunday morning coffee team  
Mr Russell Brandon, Eucharist Readings  
Mrs Susan Lindley, Family welcome  
Mrs Sue Price, Proof Readers  
Miss Anne Peebles Brown, Servers  
Mrs Margaret Braddock, Holy Dusters / Brass Band  
Mrs Svetlana Cochrane, Shop  
Mrs Sheena Crawford-Moody, Events Stewards  
Mrs Mel Donaldson, Cloisters  
Mr Peter Matthews, Cash Counters  
Mrs Helen McGarry, Flower Arrangers  
Mr Patrick Green, Gardeners  
Mrs Sarah Williams, St. Christopher's  
Mrs Sue Webb, Concert Programme sellers  
Ms Miranda Bennett, Deanery Bookstall  
Mrs Sheila Redstone, Partners in Mission

## 4 Structure, governance and management

### 4.1 Governing Statute

The Cathedral is governed by the Cathedrals Measures 1999 and the Constitution and Statutes that came into effect on 19 April 2000 as amended on 17 February 2009, and 10 December 2014, and the Care of Cathedrals Measure 2011. The Cathedrals Measure 2021 was given royal assent on 29 April 2021 and, as a result, a number of constitutional changes to the Cathedral will be made over the coming months.

### 4.2 Relationship with the Diocese of Winchester

The Diocesan Bishop is The Right Reverend Timothy Dakin, Lord Bishop of Winchester.

The Cathedral is the formal 'seat' of the Bishop of Winchester, and he is the official Visitor. After consultation with the Chapter and subject to any provision in the Statutes, he may officiate in the Cathedral and use it in his work of teaching and mission, for ordinations and synods and for other Diocesan occasions and purposes. The Bishop is a valued friend and advisor to the Cathedral, which in turn seeks to support the Bishop's work of leading the Diocese in mission and ministry. Chapter members actively participate in the Mission and Ministry of the Diocese, Diocesan committees and working groups. The Dean serves on the Bishop's Staff. The Bishop of Winchester is supported by two Suffragan Bishops – The Bishops of Basingstoke and Southampton.

### 4.3 Organisational structure – the body corporate

The Dean & Chapter of the Cathedral – The Chapter, the Council, and the College of Canons form the body corporate of the Cathedral.

#### **The Chapter of the Cathedral**

The Chapter consists of the Dean, two Residentiary Canons, Canon Principal (until 31 December 2020) and up to three Lay Canons, members recruited for their skills and expertise in specific areas of the Cathedral's life. Chapter holds the executive role of the body corporate and is responsible for leadership, policy, strategy, vision, and also has fiduciary responsibilities.

Residentiary members of Chapter are responsible for different portfolios within the Cathedral's life – mission and social responsibility, pastoral care and spiritual development, education and visits, liturgy and music and patronage. These departments are supported by a range of committees and teams. Chapter delegated certain responsibilities for Cathedral administration, support services and resources to the Receiver General & Canon Treasurer until 31 October 2020, and to the Chief Operating Officer and Chief Finance Officer thereafter.

#### **The Cathedral Council**

The Council is an advisory and consultative body, established to support the work of the Chapter and to ensure accountability to the wider community and Diocese. It provides a sounding board and guidance for Chapter as well as offering an informal 'watchdog' role to ensure that the Cathedral fulfils its legal responsibilities. It also has a formal role if any amendments to the Cathedral's Constitution and Statutes should be proposed.

#### **The College of Canons**

The College consists of senior clergy and lay members from across the Diocese, appointed by the Bishop, along with a number of ecumenical canons (representatives from other denominations). Its role is to ensure that the Cathedral is open to informed opinions, observations and comment from churches within and beyond the Diocese.

### 4.4 Organisational structure – other key committees and groups

#### **The Finance and Investment Advisory Committee**

This committee is a sub-committee of Chapter and is responsible for advising Chapter in connection with its responsibilities in the field of financial and investment management.

### **The Fabric Advisory Committee**

This committee is responsible for ensuring that any work to the fabric of the Cathedral is done with proper regard to due and legal process. It includes the Cathedral Architect, the consultant Archaeologist, and other experts in the conservation and repair of historic buildings.

### **The Cathedral Community**

Membership of the Cathedral Community is open to all those who apply for membership and are aged sixteen years or more, who worship at the Cathedral, or who work for or hold office linked to the Cathedral. The Community meets regularly for an open meeting, and we have introduced a forum called Open Chapter, which meets periodically. It has no statutory powers but allows for open discussion of any issue of interest within the life of the Cathedral. From this body, two members are elected to the Cathedral Council.

## **4.5 Other organisations associated with the work of the Cathedral**

### **The Friends of Winchester Cathedral**

The Friends of Winchester Cathedral is an independent network of supporters of the Cathedral. They continue to provide very substantial and welcome support both to the fabric of the Cathedral and to its environment, and in their generous support of the boys and girls who sing in the cathedral choirs.

### **Winchester Cathedral Trust**

Winchester Cathedral Trust is an independent charity set up to receive money raised from major appeals made on the Cathedral's behalf and to make grants in accordance with the terms of the Trust Deed to support the development of the Cathedral. The Trustees are drawn from across the region.

### **Winchester Cathedral Enterprises Limited**

This limited company is a wholly-owned subsidiary of Chapter. It undertakes a range of commercial activities within and around the Cathedral and in the Visitors Centre. All taxable profits are covenanted to Chapter and details of its trading activities are summarised within the statement of consolidated financial activities and the notes to the accounts. The Directors (of whom two are Chapter members) are appointed by the Chapter.

### **The Friends of the Dean Garnier Garden**

The Friends of Dean Garnier Garden was established in 1994 to maintain the Garden, the fabric of which remains in the ownership of the Cathedral. The Dean Garnier Garden, formerly the Deanery Rose Garden, is available for the use of the community of Winchester and for all visitors to The Close.

### **Carl Klein Trust**

An independent charity, the Carl Klein Trust supports two dwellings dedicated for lay clerks and gives grants for the welfare of lay clerks.

## **4.6 Chapter appointments and training**

The Dean is appointed by the Crown. The two Residentiary Canons (Canon Precentor and Canon Chancellor, called Commissioners' Canons), and the Canon Principal (who was non-residentiary) are appointed by the Bishop with the agreement of the Dean in consultation with the Chapter.

New members of Chapter are provided with key documents such as the Constitution & Statutes and links to the Cathedrals Measure 1999, and Care of the Cathedrals Measure 2011. Informal discussions are used to brief them on their role and to help them understand the different aspects of the Cathedral's work. Where possible external training courses provided by the Association of English Cathedrals are used. Regard is given to Charity Commission guidance on the Role of a Trustee.

## **4.7 Chapter's financial responsibilities**

Chapter is responsible under requirements laid down by the Church Commissioners under the powers given to 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 Accounting and Reporting Regulations for English Anglican Cathedrals prepared by the Cathedral Administrators and Finance Association (CAFA) specified by the Church Commissioners or describing which recommendations have not been complied with and giving reasons for the 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, and
- safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **4.8 Clergy and senior staff changes**

The Canon Principal left in December 2020. The Receiver General & Canon Treasurer left in October 2020 and her duties have been taken over by a Chief Operating Officer and Chief Finance Officer.

#### **4.9 Investment powers**

Under the Cathedrals Measure 1999 the Chapter may invest the Cathedral's funds in any of the following: land; funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Ltd; investments in which trustees may invest under the general power of investment in the Trustee Act 2000; the improvement or development of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself and its ancillary buildings.

#### **4.10 Public Benefit**

Chapter confirms that it complies with the guidance of the Church Commissioners in regard to public benefit guidance published by the Charity Commission under the Charities Act 2011 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.

#### **4.11 Risk**

The Cathedral has in place internal control measures intended to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve its strategic objectives. The system of internal control is one where risks are identified, prioritised, managed and monitored.

The Cathedral maintains a Corporate Risk Register which is continually updated and formally reviewed by Chapter on an annual basis. Each risk has a lead member of Chapter allocated and a lead member of staff. In addition to the Corporate Risk Register each department maintains its own risk register. Each risk is assessed against its likelihood and potential impact to arrive at an overall Very Low, Low, Medium, High or Very High risk rating.

The principal areas of risk are as follows:

- Corporate Governance (including non-compliance with legal requirements)
- Mission & Ministry
- Financial (including cash flow, capital fundraising, loss of visitor related income and loss of income from specific sources)
- People (including staffing, volunteers and safeguarding)
- Physical Impacts (including enforced closure due to external factors and significant physical damage to the Cathedral or environs)
- Reputation (including failure to maintain the Cathedral's reputation and standing and adverse media coverage)

- Other Risks (including permissions and licences, and failure of IT)

With regards to the items with a High risk rating:

- The safeguarding and protection of children and vulnerable adults is of primary concern for the Cathedral. There is a clear policy backed up by appropriate training and priority is given to safeguarding in operational planning.
- Chapter sets the Policy for Health & Safety issues (including fire safety) and delegates day to day operational control to a Health & Safety Management Group (H&SMG) while encouraging all staff and volunteers to play an active part in delivering a safe environment for all. The H&SMG meets monthly and is chaired by the head of operations, and formally reports to Chapter on a six-monthly basis with reports on specific items as required. Health & Safety throughout the organisation is supported by Mentor and other professional bodies.
- The potential impact of a significant reduction in income (either by external factors such as terrorism or by loss of, or damage to, the Cathedral) is mitigated by seeking to increase the diversity of income streams and having solid Business Continuity Planning in place. This risk crystallised in 2020 from the Covid pandemic and its impact was mitigated by strong cost control measures, the successful application for grants support and use of reserves.

## 5 Financial Review

### 5.1 Reserves Policy

Reserves are required to be held both to enable the completion of long-term projects and to maintain the level of the Cathedral's current activities in the event of a deterioration in its income.

Chapter has put aside sufficient funds in designated reserves for the completion of long term projects where appropriate. No new funds were designated in the year.

In the light of experience of managing the Cathedral's finances through the pandemic, Chapter has reviewed its Reserves Policy and has determined that its previous general policy of holding sufficient reserves to cover six months' ordinary activity is broadly acceptable. However, the Policy has been made more specific by defining ordinary activity by reference to the following year's budgeted operating costs of the organisation including its wholly-owned subsidiary, excluding exceptional items, which requires a target level of £2.0m this year.

The Policy defines the available free reserves against which this target is measured to be total unrestricted and undesignated reserves of £3.0m less the fixed property and plant & equipment assets of £1.1m as they are not available for distribution or for use as working capital in the short term without damaging the Cathedral's ability to operate. A further adjustment of 30% of investments held is made to reflect possible loss of value upon liquidation of investments.

By this definition, the Cathedral is £0.5m short of the target level of reserves. Chapter is prepared to accept a further £0.1m shortfall in reserves in order to continue to operate through the current pandemic without cutting costs further and to enable investment for future income generation, but will thereafter seek to re-build reserves by increasing income above on-going expenditure levels.

### 5.2 Investment policy - Endowment funds and total returns

The Church of England (Miscellaneous Provisions) Measure 2014 permitted cathedrals to adopt a 'total return' approach to investments within endowment funds. In the course of the year, Chapter resolved to apply this approach to the equity and bond investments within endowment funds but not to its investment properties. This distinction was made because the properties, being primarily within the Close, are not readily saleable and so not available for the general purposes of the Cathedral. This

approach to investments leaves the original endowment in an Investment Fund and any subsequent revaluation gain and undistributed income in an Unapplied Total Return Fund.

The determination of the Investment Fund was estimated by reference to the cost of investments at 31 March 1995 plus additional endowments received thereafter. As at 31 March 2020, the amount of £3,143,000 was identified as applicable to the Investment Fund, leaving £2,030,000 representing the net gain applicable to the unapplied total return fund.

The investment income and revaluation gains for the year have been credited to the Unapplied Total Return Fund. Chapter resolved to transfer an amount equal to the investment income (but not the revaluation gain) to the General Fund in the year to support the general activities of the Cathedral.

### 5.3 Investment Policy

The Dean & Chapter aim to keep a balanced portfolio of investments that is risk averse and appropriate to the purposes of the funds that are represented by them.

As noted above, Chapter adopted a 'total return' approach to investments in order to provide the investment manager with the greatest flexibility to maximise investment returns and no longer be constrained to provide an income stream. Accordingly, in the course of the year, Chapter instructed its principal investment manager, Cazenove Capital Management, that it should seek to manage the fund for both capital growth and income so as to optimise the total return accordingly. This should be achieved by investing in a portfolio of investment funds. The selection of the funds will be made to reflect the benchmarks established for asset classes.

A medium to low risk profile is taken on equities and performance is measured against a composite benchmark index constructed by Cazenove Capital Management based on the agreed proportion of the component elements of the portfolio.

Investments in property are to be either capable of efficient local management or in the form of managed property funds. Performance is measured against income yield on the CBF Property Fund, the property fund managed by CCLA Investment Management Ltd on behalf of the Central Board of Finance of the Church of England.

Chapter, in its stewardship of charitable funds, aims to achieve appropriate levels of investment return within an ethical framework. Its investments are chosen according to a policy of Socially Responsible Investment (SRI). The Chapter's SRI policy is based in turn on the social, environmental and ethical policies that are adopted by the Cathedral's principal Investment Managers, Cazenove Capital Management, and for the smaller proportion of its portfolio, the policies operated by CCLA. To that end, during the year, Chapter instructed Cazenove Capital Management to move its investments under management into Cazenove's Responsible Multi-Asset Fund in a number of tranches. At the year-end, 75% of such investments were held in that fund and the remainder has been transferred subsequently.

The Responsible Multi-Asset Fund seeks to meet the financial objectives set out above whilst investing in assets which have a positive social or environmental impact. Investments in tobacco, armaments and alcohol are avoided and focus is on using investments in minimising carbon emissions, renewable energy, infrastructure and transmission and healthcare, provision of medicines, social housing and Social and Green Bonds. Assets in which the Responsible Multi-Asset Fund invests have a carbon footprint 86% lower than those in the global equities indices (source: MSCI). That corresponds to a saving of 111 tonnes of carbon dioxide pa. Attention is also paid to investee strategies on equality, well-being and fair wages providing a social benefit, as measured by SustainEx, an impact measurement tool created by Schroders, of 3.4%, compared with 1.5% in the global equities indices.



Responsibility for the management of this policy rests with the Chapter, and authority is given to the Cathedral's investment managers to carry out stock transactions on a day to day basis.

## 5.4 Investment performance

### Property Investments

The Dean and Chapter own property to house clergy and staff and to use for offices. Other property is held for investment purposes and is rented out on a commercial basis where possible to generate funds for the day-to-day operation of the ministry of the Cathedral. Properties were revalued at market value on 31 March 2019, with subsequent interim valuations, the last on 31 March 2021. The net income for the year on investment properties is:

	2021	2020
	£000	£000
Rental income	656	641
Professional services	(18)	(3)
Utilities	(6)	-
Repairs	(124)	(18)
<b>Net income</b>	<b>508</b>	<b>620</b>
Yield on investment properties		
Capital value investment property (£000s)	19,902	17,443
Net income yield	2.6%	3.6%
<b>CBF Property Fund income yield</b>	<b>4.6%</b>	<b>5.5%</b>

The annual net income yield will vary year by year depending on the amount of capital works done in the year. In 2021, a relatively high level of such works were undertaken. Our relatively low yield also reflects the fact that capital values in the Close are particularly high, and further, that for historical reasons, some properties do not generate market rents.

### Other investments

The performance of the Cathedral's other investments is shown below:

<b>Gross income from other investments</b>	Equity funds £000	Fixed interest £000	Multi-Asset funds £000	Other funds £000	Total £000
Cazenove funds	123	20	66	23	232

CCLA	61	-	-	17	78
	184	20	66	40	310
Gain on revaluation/disposal					368
Management fees					(53)
<b>Total return on other investments</b>					<b>625</b>
<b>Return on other investments</b>					<b>£000</b>
Market value of other investments					7,356
Return					8.5%
Composite index agreed with Cazenove					7.3%

During the financial year the return from investments was +19.7% compared with the long-term inflation +4% target of +4.7%. Over the year we transitioned the investments to the Responsible Multi-Asset Fund. The Fund has a long-term target of inflation +4% whilst also having a positive impact on people and the planet by avoiding harm through ESG integration and exclusions, benefiting stakeholders through responsible business activities and contributing to solutions through influence and investing for impact.

Having had a torrid time at the beginning of 2020 due to the global coronavirus pandemic, suffering one of the most pronounced drawdowns in history, global equity markets have had a strong 12 months to the end of March 2021, with the MSCI AC World index returning 38.9% and UK equities returning 26.7%. Drawing on the lessons learned during the financial crisis of 2008 central banks have introduced a range of measures aimed at protecting market liquidity and the flow of credit. Furthermore, Governments around the world have recognised that monetary policy alone will not be able to respond to the economic threat of the pandemic, implementing a range of measures to support markets.

This monetary and fiscal stimulus, coupled with easing of lockdowns and early signs of economic recovery saw risk appetite return in the spring and summer of 2020. More recently, the roll-out of Covid-19 vaccines has continued to drive markets upwards. Recent market performance has been led by the lowly-valued, economically-sensitive areas of the market, which extended the recovery seen since November.

## 5.5 Cathedral maintenance plan

Financial plans now look ahead in detail for the next 3 years and are updated annually. The plans create a structure for development of all aspects of the Cathedral and provide the basis for ongoing, long-term stability and growth. In 2019/20 the last quinquennial survey (QQ) was completed, as well as a conservation management plan and archaeological report. It should be noted that the QQ does not sit on the balance sheet and the QS and Cathedral Architect have a costed 10-year programme of £9.3m.

## 5.6 Five-year trends

Set out below are key financial indicators over the last five years:

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Cathedral Projects Income	2,469	4,020	3,315	1,121	6
Other Income	4,927	5,843	5,251	5,233	5,052
Total income	7,396	9,863	8,566	6,354	5,058
WCEL covenant to Chapter	501	451	603	427	-

Other visitor income	662	710	776	853	232
Rental income	639	577	537	641	656
Investment income	390	388	348	379	312
Cathedral repairs/upkeep	1,116	2,228	956	1,121	1,083
Cathedral Project Expenditure	2,469	5,377	2,944	1,031	62
Other expenditure on mission	1,624	2,032	1,798	1,822	1,661
General Fund result (before capital gains)	71	60	85	108	138

## 5.7 Commentary on financial results for 2020/21

The year has been dominated by the effects of the Covid pandemic which resulted in the Cathedral closure to visitors for seven months of the year, with consequential losses of visitor fees and shop and café income, and the cancellation of events, concerts and weddings for that period. This included the cancellation of the previously highly successful Christmas Market. There were 27,000 paying visitors in the year (2020: 122,000)

Much of this pain was felt by Winchester Cathedral Enterprises Limited (WCEL), which operates many of the events, including the Christmas Market, the retail shop and café in order to support the mission and ministry of the Cathedral financially. In the year, WCEL made a loss of £195k (2020: profit of £472k) and so required financial support from the Cathedral. As the Cathedral returns from closure, it is anticipated that these commercial activities will return to profit quickly.

The low commercial income was compensated by the receipt of a number of grants, for which we are very grateful and without which exceptionally difficult cost saving measures would have had to have been taken.

### **Voluntary income and grants receivable**

Grants specifically for the support of the Cathedral while tackling the shortfalls from the Covid pandemic were primarily received from:

- Coronavirus Job Retention Scheme: £239k
- Culture Recovery Fund (Department of Culture Media and Sport): £1,416k
- Winchester City Council: £58k

In addition, restricted grants of £86k were received from the Church Commissioners towards financial sustainability to assist in recovery.

We are grateful for the continued support from the Friends of Winchester Cathedral from whom grants of £114k (2020: £565k) were received in support of music and the grounds.

The closure of the Cathedral to visitors adversely affected physical donations and collections but this was partly compensated by an increase in online giving as a result of live-streaming of services.

We have been notified of legacies of the value of an estimated £635k (2020: £116k) and accounted for them as receivables in accordance with appropriate accounting standards.

### **Property and investment income**

The financial returns are described at section 5.4 above.

### **Expenditure: Costs of generating funds**

Lower activity levels resulted in lower trading costs as well as a need to tighten belts generally. However, we were required to spend on the refurbishment of investment properties. In addition, the move of our service offering online resulted in higher marketing effort not only in promotion but also in product design.

### **Expenditure on charitable activities**

Discretionary expenditure was pared back as we tightened budgets across the board. The change in mix of our income away from trading sources, which provides VAT output, to voluntary income, which does not, has resulted in a significant increase in the amount of input VAT which we were unable to recover up to £96k (2020: £24k).

### **Unrestricted funds**

Overall, we reported a relatively small surplus for the year of £18k, with grant income and cost restraint largely compensating for low visitors and lost trading income. The general fund balance carried forward of £3.0m is below our target as commented upon in section 5.1 above, but we are relieved with the result given the difficult circumstances of the year.

### **Designated funds**

No new funds were established and small expenditure in the year on Cathedral projects and Deanery repairs utilised these funds so that a deficit in the year of £120,000 was recorded. Funds carried forward largely relate to these two purposes.

### **Restricted funds**

Covid recovery grants of £567k related to costs to be incurred in 2021/22, and the recording of an estimated amount of £500k from a legacy for the maintenance of the Cathedral fabric comprise the largest elements of income giving rise to total surpluses of £1,139k. We are also grateful to the family of Tim Pride for providing a donation of £75k in his memory to support the choristers over the next ten years.

## **6 Plans for future periods**

Despite the Covid pandemic the Cathedral priorities for the next three years, remain unchanged. They are summarised under the overall vision:-

### **Renew**

Welcoming and working with more children, families and young people. Building a sustainable future

### **Inspire**

Deepening worship and refreshing learning. Exceeding expectations

### **Unite**

Becoming more diverse through wider social engagement. Serving the common good.

### **Plans for the next year include**

- Growing worship opportunities for families and children
- Development of the grounds and estates plan informed by our Vision and Calling and the Quinquennial Report
- Improving physical access within the cathedral
- Supporting charities and working in effective partnership with a chosen charity
- Launching a renewed cathedral web-site
- Integrating and developing e-commerce and developing new income streams
- Preparation and planning for the new Cathedrals Measure and change of status to an independent charitable trust
- Continuing to embed best safeguarding practice and policies throughout the cathedral life
- Develop the cathedral environment and ecology strategy and, within this, developing the cathedral strategy for reducing carbon emissions in line with the General Synod intention to be net zero carbon by 2030

Attention will be paid to ensure the recovery of commercial income. We are cognisant that overseas visitors to the cathedral will not return quickly in numbers previously seen and our attention is to turn more deliberately to our local and regional market. We shall seek ways of engaging with this market with focus on a programme of events and exhibitions to attract repeat visits.

## 7 Going Concern

Chapter has undertaken a review to determine whether the going concern assumption is appropriate for this year's accounts.

The Covid-19 pandemic caused the Cathedral to close its doors for long periods in the course of 2020-21 and affected our ability both to continue our mission and in the significant reduction in visitor and associated commercial income.

Our response has been to undertake more of our activities online, including live-streaming of services which has led to an increase in online donations, in addition to taking action to reduce our costs, take advantage of government grants available and seek new funding opportunities. In the event, the outcome of the year has been to increase our unrestricted reserves by just £18,000.

The Cathedral reopened for visitors on 17 May 2021. However, we remain uncertain as to the level of activity for the coming months. Accordingly, we have budgeted prudently and continue to operate tight financial controls including the production of rolling financial forecasts, including cash flow projections.

Chapter considered these forecasts which had been extended until December 2022, reviewed its level of reserves and reflected upon contingency plans which may be required in the event of a shortfall of income or a sudden need for expenditure.

Chapter has concluded that there is a reasonable expectation that the Cathedral has, and will continue to have, adequate resources to operate for the foreseeable future and, accordingly, the accounts have been prepared on a going concern basis.



# AUDITED ACCOUNTS

For the year ended 31 March 2021

The Cathedral Church of the Holy Trinity,  
St Peter and St Paul,  
and of St Swithun in Winchester

## Statement of the Chapter's financial responsibilities

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given it 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 of the Cathedral and its subsidiaries (the 'group') for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and the group;
- stating that they have complied in all material respects with the regulations on the subject prepared by the Cathedrals, Administration & Finance Association (CAFA) or describing which recommendations have not been complied with and giving reasons for the 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, and safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Chapter is aware:

- there is no relevant audit information of which the Cathedral's auditor is unaware; and
- each member of Chapter has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Chapter is responsible for the maintenance and integrity of the Cathedral's financial information included on the Cathedral's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditor's report to the Members of the Chapter of Winchester Cathedral

## *Opinion*

We have audited the accounts of Winchester Cathedral (the 'parent entity') and of Winchester Cathedral and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the consolidated and parent entity balance sheets, the consolidated cash flow statement, the principal accounting policies and the notes to the accounts. 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 accounts:

- give a true and fair view of the state of affairs of the group and the parent entity as at 31 March 2021 and of the group's income and expenditure 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 regulations specified by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Conclusions relating to going concern*

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

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

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

## *Other information*

The Chapter is responsible for the other information. The other information comprises the information included in the Annual Report and Audited Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts



or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### *Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters in relation to which we to report to you if, in our opinion:

- the information given in the annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept by the parent entity;
- the parent entity's accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for audit.

#### *Responsibilities of the Chapter*

As explained more fully in the statement of the Chapter's financial responsibilities, the Chapter is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Chapter determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Chapter is responsible for assessing the ability of the group and the parent entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chapter either intends to liquidate the group or the parent entity or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's responsibilities for the audit of the accounts*

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the parent entity through discussions with those charged with governance and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the parent entity, including the financial reporting framework, data protection legislation and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence. We corroborated our enquiries through our review of Chapter and committee minutes;

- identified laws and regulations were communicated within the engagement team regularly and the team remained alert to instances of non-compliance throughout the audit.

#### *Auditor's responsibilities for the audit of the accounts (continued)*

We assessed the susceptibility of the parent entity's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing of expenditure including testing the authorisation thereof;
- investigated the rationale behind significant or unusual transactions;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing accounts disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Chapter and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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 Chapter, as a body, in accordance with section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the 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 Winchester Cathedral and the Chapter as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

## Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below

### Basis of preparation

These financial statements have been prepared for the year ended 31 March 2021 with comparative information given in respect to the year to 31 March 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies or other notes to these financial statements.

The financial statements have been prepared in accordance with the Regulations on Accounting and Reporting by English Anglican Cathedrals as specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Winchester Cathedral is an ecclesiastical corporation and constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling and rounded to the nearest thousands pounds.

### Basis of consolidation

The group financial statements consolidate the financial statements of the Cathedral and its wholly owned subsidiaries, Winchester Cathedral Enterprises Limited and Winchester Cathedral Box Office Limited. Winchester Cathedral Box Office Limited was dormant throughout the period.

## Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the members of the Chapter to make significant judgements and estimates:

The items in the financial statements where these judgements and estimates have been made include:

- assessing the probability of receipt of legacy income and determining the amount to be recognised as income in the accounts;
- estimating the useful economic life of tangible fixed assets for the purposes of determining a depreciation charge;
- assessing the appropriateness of the assumptions and methodology used in determining the fair value of investment and non-investment properties;
- assessing the need for any provision against slow moving or obsolete stock;
- assessing the recoverability of outstanding debtors and the need for any provision for bad or doubtful debts;
- determining the value of designated funds needed at the year end to meet specific future expenditure;
- assessing the basis for the allocation of support costs; and
- estimating future income and expenditure flows and assessing the impact of the Covid 19 pandemic on the future of the organisation and the basis for preparing the financial statements.

## Assessment of going concern

The Chapter has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Chapter has made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Covid-19 pandemic caused the Cathedral to close its doors for long periods in the course of 2020-21 and affected our ability both to continue our mission and in the significant reduction in visitor and associated commercial income.

The Cathedral's response has been to undertake more of its activities online, including live-streaming of services which has led to an increase in online donations. In addition action has been taken to reduce costs, take advantage of government grants available and seek new funding opportunities. In the event, the outcome of the year has been to increase unrestricted reserves by £18,000.

The Cathedral reopened for visitors on 17 May 2021. However, it remains uncertain as to the level of activity for the coming months. Accordingly, the Cathedral has budgeted prudently and continues to operate tight financial controls including the production of rolling financial forecasts and cash flow projections. The Chapter considered these forecasts, which had been extended until December 2022, reviewed its level of reserves and reflected upon contingency plans which may be required in the event of a shortfall of income or a sudden need for expenditure.

The Chapter has concluded that there is a reasonable expectation that the Cathedral has, and will continue to have, adequate resources to operate for the foreseeable future and, accordingly, the accounts have been prepared on a going concern basis.

## Income recognition

Income is recognised in the period in which the Cathedral has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, grants, charges and fees arising in the course of charitable activities, income from trading and fundraising activities and investment income.

Donations (including income from offertory and similar collections) are recognised when the Cathedral has confirmation of both the amount and the settlement date. When donations are pledged but not received, the income is accrued for when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Cathedral is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Cathedral and it is probable that those conditions will be fulfilled within the reporting period.

When a third party pays for goods or services on behalf of the Cathedral the cost is shown as both a donation and expenditure in the statement of financial activities. Similarly, donated goods and services are valued on an arm's length basis and shown as income and either capital or revenue expenditure as appropriate. No monetary value is placed on the services provided by Cathedral volunteers.

Legacies are included in the statement of financial activities when the Cathedral is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and the fulfilment of any conditions attached to the legacy is wholly within the control of the Cathedral. Entitlement is taken as the earlier of: the date on which the Cathedral is notified by the executor to the Cathedral that a

distribution will be made, and the date on which a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Cathedral has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Cathedral but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy.

Grants from government and other agencies, including the Heritage Lottery Fund, have been included when receivable. Income is deferred when the Cathedral has to fulfil performance related conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income from charges and fees arising in the course of charitable activities are recognised as and when the related goods or services are provided.

Income generated from the activities of the trading subsidiary comprises income from the Cathedral shop, catering and events such as the Christmas market. It is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Interest on funds held on deposit is included when it is receivable; this is normally upon notification from the bank of the interest payable or paid.

Income from the rental of properties is recognised when the income is receivable under the lease document, when the amount can be measured reliably and it is probable such income will be received.

Income from the Coronavirus Job Retention Scheme has been credited to income when the Cathedral becomes entitled to the funding and when the amount receivable can be quantified.

All other income is credited to the statement of financial activities when the Cathedral becomes entitled to it, it is probable that it will be received and it can be quantified.

## **Expenditure recognition**

Expenditure is recognised as soon as there is a legal or constructive obligation committing the Cathedral to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure category. The classification between activities is as follows:

- Expenditure on raising funds comprises the costs incurred by the trading subsidiary, investment property management costs, and the costs of attracting voluntary income.
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the Cathedral through the provision of charitable activities. Such costs include staff costs and other direct overheads attributable to those purposes. A detailed analysis of the expenditure is provided in note 4.

All expenditure is stated inclusive of irrecoverable VAT.

## **Support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary object of the Cathedral it is necessary to provide support in the form of administration and financial procedures, information technology, personnel and training support. Support costs are apportioned based on estimated time spent per category. Governance costs comprise costs of meeting the constitutional and statutory requirements of the Cathedral and its subsidiary companies. Governance costs include audit fees and relevant expenditure relating to specific meetings and are included within support costs.

## **Investment and non-investment properties**

Freehold properties are included on the balance sheet at existing use value. The exception to this is the Wessex Centre which, due to its use and nature, is included at depreciated replacement cost. Properties are classed as investments or tangible fixed assets according to their use.

Properties are revalued on the basis of a full valuation at least every five years. In years with no full valuation, the Cathedral bases any valuation on the previous year's valuation adjusted for the average property price movement during the period.

As all of the properties are maintained in a state of repair such that their estimated residual value is not less than their improvement cost or carrying amount, and given the historic cost of the properties, the members of the Chapter consider that any depreciation charge would be immaterial. No charge has therefore been made in respect of depreciation on properties that are classed as fixed assets.

## **Listed Investments**

Listed 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.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and either 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 and the carrying value at year end. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

The capital value of the investments represents unrestricted, restricted and endowment funds. The realised and unrealised gains and losses on investments are allocated to the funds in the ratio of their market value at the beginning of the financial year.

From 1 April 2020, the Cathedral has operated a total return approach to the management of the listed investment portfolio representing the endowment fund. Using this approach, the Cathedral is required to analyse the fund between the amount held for investment (non-distributable funds) and the unapplied total return.

The Cathedral is permitted to allocate from the unapplied total return element such sums as the Chapter considers appropriate provided the Chapter exercises their statutory duty to be even handed as between present and future beneficiaries and that they maintain the unapplied total return at such a level as to ensure it remains positive after having due consideration to the volatility of the investment markets.

## The Cathedral and its ancillary buildings

No value is attributed in these financial statements to the Cathedral and its ancillary buildings on the basis that the buildings are of a unique historic nature and are held primarily for the mission of the Cathedral. The nature and construction of the buildings are such that conventional valuation approaches lack sufficient reliability. The cost of providing a full valuation would be significant and onerous compared with the benefit derived by users of the financial statements. A value is agreed for insurance purposes which represents the cost of restoration and repair in the event of a serious loss.

The cost of general repairs, minor restoration and maintenance of the Cathedral and its ancillary buildings is recorded as expenditure through the statement of financial activities and charged to the general fund. The cost of major restoration work to the Cathedral is charged against the Fabric Maintenance Fund.

## Heritage assets and inventory

The Cathedral holds a number of heritage assets with historic and artistic value. The nature and scale of the collection belonging to the Chapter of Winchester include:

- Medieval manuscripts, including the Winchester Bible the largest and finest of all surviving 12th-century English bibles
- The Morley Library, a beautiful 17th-century collection of rare books bequeathed by Winchester's Bishop Morley
- Winchester Cathedral Archives
- Winchester Cathedral wall monuments
- Winchester Cathedral ledger stones and floor monuments
- Winchester Cathedral medieval wall paintings
- An Antony Gormley sculpture, Sound II
- Other artefacts, including the Shaftesbury Bowl, the only surviving example of late Saxon glass in England

The Chapter does not consider that reliable cost or valuation information can be obtained for items recorded in inventory prepared under s24 of the Care of Cathedrals Measure 2011. The age, variety and lack of comparable market data would make any attempt at valuation extremely onerous and costly compared with the benefit derived by users of the financial statements.

Similarly, the Chapter considers that obtaining valuations for the books, manuscripts and artefacts and other heritage assets in its care would involve disproportionate cost compared with the benefit derived by users of the financial statements. Consequently no values are attributed to heritage assets in the balance sheet.

Heritage assets acquired are not capitalised in the balance sheet. The Chapter considers that the inclusion of isolated assets would give the reader of the financial statements a false impression of the true value of heritage assets in its care.

The Cathedral has a policy of retaining its heritage assets for the long term and cannot dispose of these assets without the agreement of the Cathedral Fabric Commission for England (CFCE)/Church Commissioners. Heritage items are generally acquired by donation.

Expenditure to preserve and maintain objects recorded in the Inventory or held as heritage assets is recognised in the statement of financial activities in the year that the expenditure is incurred.

## Other fixed assets

Items of plant, machinery, vehicles, office equipment, loose tools, furniture and fittings costing in excess of £2,000 are capitalised and depreciated at rates calculated to write off the cost on a straight line basis in order to write off their original cost over the expected useful lives of the assets concerned as follows:

- Capital equipment – 25%
- Fixtures and fittings – 20-33%
- Equipment – 20%
- Office refurbishment – 10%

## Stock and work in progress

Stock and work-in-progress are valued at the lower of cost and net realisable value with provision being made for damaged, slow moving or obsolete stock.

As noted earlier, in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals, no value is attributed in the balance sheet to the Cathedral inventory which comprises items of architectural, archaeological, artistic or historic interest.

## Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

## Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or that have a maturity of less than three months from the date of investment or acquisition. Deposits made for longer than three months but less than one year have been disclosed as short term deposits.

## Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Cathedral anticipates it will pay to settle the debt.

## Funds structure

Funds are divided between Endowment, Restricted and Unrestricted funds.

The Endowment Fund represents the Corporate Estate of the Chapter and cannot be expended, although it may be realised and reinvested in a different form. Also included is the capital of trust funds of which the Chapter are the Trustees and which are for the benefit of the Cathedral.

The Cathedral's **permanent endowment funds** are set out in note 14 to the financial statements. They include the Fabric, Music and Staff Pension Fund investments of the previous Winchester Cathedral Appeal, and properties held within the Cathedral Close including the reserve arising on revaluation. Endowment funds comprise assets which normally must be held as capital and cannot be expended. The income therefrom may be used in accordance with the donor's wishes, if stipulated, or for general purposes.



The Cathedral has adopted a Total Return approach to its listed investments forming part of the permanent endowment funds. Income and gains arising on the listed investments in these endowment funds are accordingly transferred to an Unapplied Income Fund and are available to be released to the General Fund as required.

The **Restricted Funds** may only be applied for particular purposes. Details of these funds are set out in note 15.

The **Unrestricted Funds** are those which can be applied for any of the purposes for which the Cathedral was established.

## **General Fund**

This is the main unrestricted fund through which all items of income and expenditure relating to the day-to-day running of the Cathedral are credited and charged.

## **Designated Funds**

When appropriate the Chapter will set aside sums within unrestricted funds for certain specified purposes. These are termed "Designated Funds". If in due course they are not required for those purposes they may be transferred back to the General Fund.

## **Pensions**

Chapter participates in the Church of England Defined Contributions Scheme, part of the Church Workers' Pension Scheme. New employees may enrol in this scheme. In addition, Chapter operates a Stakeholder Pension scheme with Aviva and also participates in the Church of England Defined Benefits Scheme (DBS), also part of the Church Workers' Pension Scheme, both of which schemes are now closed to new members. In respect of the Church of England Defined Benefits Scheme, it is not possible to identify the assets and liabilities that are attributable to the Cathedral and therefore the normal contributions to the scheme are recognised when payable. The present value of the expected deficit recovery contributions is recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

The pension costs represent the amount of the contributions payable to pension schemes in respect of the accounting period plus any adjustment required following the annual review of the liability for expected deficit recovery contributions.

## **Operating leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

## Consolidated statement of financial activities

		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Note	2021	2021	2021	2021	2020
		£000	£000	£000	£000	£000
Income from :						
Donations and legacies	1	446	720	-	1,166	1,076
Grants receivable	1	413	1,755	-	2,168	1,366
Charges and fees arising in the course of charitable activities	1	21	-	-	21	272
Trading activities	1	518	-	-	518	2,620
Investments	1	715	-	253	968	1,020
<b>Total income</b>		<b>2,113</b>	<b>2,475</b>	<b>253</b>	<b>4,841</b>	<b>6,354</b>
Expenditure on :						
Cost of generating funds	3	1,054	-	-	1,054	1,836
Charitable activities:						
Ministry	4	851	365	-	1,216	1,353
Cathedral and precincts upkeep	4	955	128	-	1,083	1,121
Education and outreach	4	145	-	-	145	267
Other expenditure on charitable activities	4	362	-	-	362	1,233
<b>Total expenditure</b>	<b>5</b>	<b>3,367</b>	<b>493</b>	<b>-</b>	<b>3,860</b>	<b>5,810</b>
Net (expenditure)/ income before investment gains / (losses)		(1,254)	1,982	253	981	544
Net gains / (losses) on investments:						
Properties	8	-	-	632	632	423
Listed and similar investments	9	176	-	823	999	(954)
<b>Total net gains / (losses) on investments:</b>		<b>176</b>	<b>-</b>	<b>1,455</b>	<b>1,631</b>	<b>(531)</b>
Net (expenditure) / income before transfers		(1,078)	1,982	1,708	2,612	13
Total return transfer	14	253	-	(253)	-	-
Other transfers between funds	15	843	(643)	-	-	-
<b>Net income</b>		<b>18</b>	<b>1,139</b>	<b>1,455</b>	<b>2,612</b>	<b>13</b>
Other recognised gains:						
Revaluation of tangible fixed assets		-	-	-	-	58
Net movement in funds		18	1,139	1,455	2,612	71
Reconciliation of funds:						
Total funds brought forward		4,214	2,644	40,267	47,125	47,054
<b>Total funds carried forward</b>		<b>4,232</b>	<b>3,783</b>	<b>41,722</b>	<b>49,737</b>	<b>47,125</b>

The notes on pages 38 to 58, and the accounting policies on pages 27 to 33 form part of these financial statements.

## Consolidated balance sheet

		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Note	2021	2021	2021	2021	2020
		£000	£000	£000	£000	£000
						Restated
<b>Fixed assets</b>						
<b>Investment assets</b>						
Property	8	84	–	19,191	19,275	18,178
Listed and similar investments	9	1,360	–	5,996	7,356	6,351
		<u>1,444</u>	<u>–</u>	<u>25,187</u>	<u>26,631</u>	<u>24,529</u>
<b>Non-investment assets</b>						
Property	10	875	1,240	16,535	18,650	19,115
Plant & equipment	11	141	–	–	141	161
		<u>1,016</u>	<u>1,240</u>	<u>16,535</u>	<u>18,791</u>	<u>19,276</u>
<b>Total fixed assets</b>		<u>2,460</u>	<u>1,240</u>	<u>41,722</u>	<u>45,422</u>	<u>43,805</u>
<b>Current assets</b>						
Stocks		106	–	–	106	131
Debtors	12	1,176	–	–	1,176	482
Cash at bank and in hand		916	2,543	–	3,459	3,641
		<u>2,198</u>	<u>2,543</u>	<u>–</u>	<u>4,741</u>	<u>4,254</u>
<b>Current liabilities</b>	13	<u>(426)</u>	<u>–</u>	<u>–</u>	<u>(426)</u>	<u>(934)</u>
<b>Net current assets</b>		<u>1,772</u>	<u>2,543</u>	<u>–</u>	<u>4,315</u>	<u>3,320</u>
<b>Total assets less total liabilities</b>		<u>4,232</u>	<u>3,783</u>	<u>41,722</u>	<u>49,737</u>	<u>47,125</u>
<b>Funds</b>						
<b>Capital funds:</b>						
Endowment funds	14	–	–	41,722	41,722	40,267
<b>Income funds:</b>						
Restricted funds	15	–	3,783	–	3,783	2,644
Designated funds	16	1,205	–	–	1,205	1,325
General funds		3,027	–	–	3,027	2,889
		<u>4,232</u>	<u>3,783</u>	<u>41,722</u>	<u>49,737</u>	<u>47,125</u>

The notes on pages 38 to 58, and the accounting policies on pages 27 to 33 form part of these financial statements.

The financial statements were approved by the Chapter at their meeting on 22 July 2021 and are signed on their behalf by:

The Very Reverend Catherine O'gea – Dean

## Balance Sheet - Cathedral only

		Unrestricted	Restricted	Endowment	Total	Total
		funds	funds	funds	funds	funds
	Note	2021	2021	2021	2021	2020
		£000	£000	£000	£000	£000
<b>Fixed assets</b>						
<b>Investment assets</b>						
Property	8	84	-	19,191	19,275	18,178
Listed and similar investments	9	1,370	-	5,996	7,366	6,361
		<u>1,454</u>	<u>-</u>	<u>25,187</u>	<u>26,641</u>	<u>24,539</u>
<b>Non-investment assets</b>						
Property	10	875	1,240	15,435	17,550	18,015
Plant & equipment	11	61	-	-	61	59
		<u>936</u>	<u>1,240</u>	<u>15,435</u>	<u>17,611</u>	<u>18,074</u>
<b>Total fixed assets</b>		<u>2,390</u>	<u>1,240</u>	<u>40,622</u>	<u>44,252</u>	<u>42,613</u>
<b>Current assets</b>						
Stocks		23	-	-	23	20
Debtors	12	1,509	-	-	1,509	793
Cash at bank and in hand		900	2,543	-	3,443	3,586
		<u>2,432</u>	<u>2,543</u>	<u>-</u>	<u>4,975</u>	<u>4,399</u>
<b>Current liabilities</b>	13	(891)	-	-	(891)	(801)
<b>Net current assets</b>		<u>2,041</u>	<u>2,543</u>	<u>-</u>	<u>4,584</u>	<u>3,498</u>
<b>Total assets less current liabilities</b>		<u>4,431</u>	<u>3,783</u>	<u>40,622</u>	<u>48,836</u>	<u>46,111</u>
<b>Funds</b>						
<b>Capital funds:</b>						
Endowment funds	14	-	-	40,622	40,622	39,167
<b>Income funds:</b>						
Restricted funds	15	-	3,783	-	3,783	2,644
Designated	16	1,205	-	-	1,205	1,325
General fund		3,226	-	-	3,226	2,975
		<u>4,431</u>	<u>3,783</u>	<u>40,622</u>	<u>48,836</u>	<u>46,111</u>

The notes on pages 38 to 58, and the accounting policies on pages 27 to 33 form part of these financial statements.

The financial statements were approved by the Chapter at their meeting on 22 July 2021 and are signed on their behalf by:

The Very Reverend Catherine Ogle – Dean

## Consolidated cash flow statement

	<b>Note</b>	2021	2021	2020	2020
		£000	£000	£000	£000
<b>Reconciliation of net income before investment gains and losses to net cash used in operating activities</b>					
Net income before investment gains		981		544	
Income from property and investments		(68)		(1,020)	
Property management costs and investment manager costs		200		83	
Depreciation charges		54		50	
Decrease / (increase) in stocks		26		(14)	
(increase) / decrease in debtors		(694)		(68)	
Decrease) / increase in creditors		(608)		29	
<b>Net cash used in operating activities</b>			<b>(609)</b>		<b>(686)</b>
<b>Cash flows from investing activities</b>					
Rents received net of costs		509		616	
Interest and dividends received		258		321	
Purchase of tangible fixed assets		(64)		(118)	
Purchase of investments		(5,314)		(64)	
Proceeds from disposal of investments		5,240		91	
Net cash used in investing activities			<b>659</b>		<b>876</b>
<b>Change in cash and cash equivalents</b>			<b>(250)</b>		<b>490</b>

## Analysis of cash and cash equivalents and changes in net liquid funds

	<b>At 1 April</b>	<b>Cash</b>	<b>At 31</b>
	<b>2020</b>	<b>flow</b>	<b>March</b>
	£000	£000	£000
Cash at bank and in hand	3,641	(182)	3,459
Cash balances included in investments	68	(68)	-
<b>Cash and cash equivalents and net liquid funds</b>	<b>3,709</b>	<b>(250)</b>	<b>3,459</b>

## Notes to the financial statements

### 1 Income

	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
	2021	2021	2021	2021	2020
	£000	£000	£000	£000	£000
<b>Voluntary income</b>					
Congregational collections and giving	9	6	-	15	105
Donations	237	81	-	318	256
Income from appeals and fundraising	-	13	-	13	95
Tax recoverable under Gift Aid	70	-	-	70	110
Income from Friends and WCT	5	110	-	115	394
Legacies	125	510	-	635	116
	<u>446</u>	<u>720</u>	<u>-</u>	<u>1,166</u>	<u>1,076</u>
<b>Grants receivable</b>					
Church Commissioners	-	245	-	245	150
Cathedral Projects	-	-	-	-	1,163
Cultural Recovery Fund grants	-	1,416	-	1,416	-
Coronavirus Job Retention Scheme grants	239	-	-	239	-
Other revenue and capital grants	174	94	-	268	53
	<u>413</u>	<u>1,755</u>	<u>-</u>	<u>2,168</u>	<u>1,366</u>
<b>Charges and fees arising in the course of charitable activities</b>					
Facility and other fees	21	-	-	21	272
	<u>21</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>272</u>
<b>Income from activities generating funds</b>					
Charges to visitors	232	-	-	232	853
Gross income of shop, café and other trading activities	286	-	-	286	1,767
	<u>518</u>	<u>-</u>	<u>-</u>	<u>518</u>	<u>2,620</u>
<b>Income from investments</b>					
Income from investment property	656	-	-	656	641
Income from listed and similar investments	59	-	253	312	379
	<u>715</u>	<u>-</u>	<u>253</u>	<u>968</u>	<u>1,020</u>
<b>Total income</b>	<u>2,113</u>	<u>2,475</u>	<u>253</u>	<u>4,841</u>	<u>6,354</u>

## 2 Income and expenditure from trading subsidiaries

### a) Winchester Cathedral Enterprises Limited

Winchester Cathedral Enterprises Limited is a wholly owned subsidiary which is incorporated in England and Wales, Registered Company No. 2100067. The company operates a retail shop; a cafe, the Cathedral box office; the organisation of functions and events including the Christmas market. A summary of the trading results for the year, which have been consolidated into Chapter accounts, are shown below.

	2021 £000	2020 £000
Turnover	286	1,768
Cost of sales	(51)	(677)
Gross profit	<u>135</u>	<u>891</u>
Other operating charges	(30)	(19)
<b>(Loss) / profit for the financial year</b>	<u><u>(95)</u></u>	<u><u>472</u></u>
The net assets of Winchester Cathedral Enterprises Limited at 31 March 2021	<u><u>314</u></u>	<u><u>509</u></u>

In 2020 £427,000 of the taxable profits of Winchester Cathedral Enterprises Limited were donated to the Cathedral in accordance with a deed covenant. No donation was made in respect to 2021 due to taxable losses.

### b) Winchester Cathedral Box Office Limited

Winchester Cathedral Box Office Limited is also a wholly owned subsidiary which is incorporated in England and Wales, Registered Company No. 5945638 and is dormant. At 31 March 2021 it had net assets of £1 (2020 : £1).

## 3 Cost of generating funds

	<b>Unrestricted funds</b> 2021 £000	Unrestricted funds 2020 £000
Costs of facilities for visitors	106	190
Costs of services directly recoverable	5	18
Gross costs of shop, cafe and other trading activities	463	1,277
General marketing costs	168	132
Costs of appeals and fund raising	112	136
Investment property costs	147	25
Investment managers' fees	53	58
	<u><u>1,054</u></u>	<u><u>1,836</u></u>

#### 4 Expenditure on charitable activities

	Unrestricted funds	Restricted funds	Endowment funds	Total funds	Total funds
	2021	2021	2021	2021	2020
	£000	£000	£000	£000	£000
<b>Ministry</b>					
Clergy stipends and working expenses	39	137	-	176	172
Clergy housing costs	17	-	-	17	27
Clergy support costs	83	-	-	83	102
Services and music	712	228	-	940	1,052
	<u>851</u>	<u>365</u>	<u>-</u>	<u>1,216</u>	<u>1,353</u>
<b>Cathedral and precincts upkeep</b>					
Major repairs and restoration	263	82	-	345	327
Maintenance and interior upkeep	334	31	-	365	419
Cathedral insurance	132	-	-	132	126
Precincts, security and gardens upkeep	226	15	-	241	249
	<u>955</u>	<u>128</u>	<u>-</u>	<u>1,083</u>	<u>1,121</u>
<b>Education and outreach</b>					
Educational activities	121	-	-	121	125
Archives and library	24	-	-	24	106
Charitable and other giving	-	-	-	-	36
	<u>145</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>267</u>
<b>Other expenditure on charitable activities</b>					
Cathedral Projects	62	-	-	62	1,031
Irrecoverable VAT	96	-	-	96	24
Governance costs	204	-	-	204	178
	<u>362</u>	<u>-</u>	<u>-</u>	<u>362</u>	<u>1,233</u>
<b>Total expenditure on charitable activities</b>	<b><u>2,313</u></b>	<b><u>493</u></b>	<b><u>-</u></b>	<b><u>2,806</u></b>	<b><u>3,974</u></b>

#### 5 Expenditure analysis

	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	2021	2021	2021	2020	2020	2020
	£000	£000	£000	£000	£000	£000
Costs of generating funds	919	135	1,054	1,683	153	1,836
Ministry	963	253	1,216	1,077	276	1,353
Cathedral and precincts upkeep	884	199	1,083	917	204	1,121
Education and outreach	108	37	145	223	44	267
Other expenditure on mission	362	-	362	1,233	-	1,233
	<u>3,236</u>	<u>624</u>	<u>3,860</u>	<u>5,133</u>	<u>677</u>	<u>5,810</u>

#### 6 Governance costs

	2021	2020
	£000	£000
<b>Auditors remuneration:</b>		
Audit services	20	20
Taxation services	2	1
Governance and strategic planning	182	157
	<u>204</u>	<u>178</u>



## 7 Employees

Staff costs during the year were as follows:

	2021	2020
<b>Cathedral and W CEL staff costs</b>	£000	£000
Salaries and stipends	1,853	1,894
Social security costs	151	146
Other pension costs	127	135
	<u>2,131</u>	<u>2,175</u>
<b>Reimbursed staff costs</b>		
Salaries and stipends	10	107
Social security costs	1	12
Other pension costs	1	9
	<u>12</u>	<u>128</u>
<b>Total staff costs</b>	<u>2,143</u>	<u>2,303</u>

The average number of employees during the year was as follows:

	2021 total Average Nos	2021 total FTE	2020 total Average Nos	2020 total FTE
Cathedral staff	27	16	41	18
Administration	14	13	13	11
Education	2	2	3	3
Maintenance	13	12	13	12
Shop, Refectory & Events	8	5	28	11
Visitor services	10	7	15	8
Employees whose costs are reimbursed	-	-	2	2
	<u>74</u>	<u>55</u>	<u>115</u>	<u>65</u>

Restrictions in response to the covid pandemic resulted in the temporary closure of the Cathedral, retail outlets and the Christmas Market which led to fewer staff on temporary and flexible contracts being required.

The numbers of employees whose earnings were greater than £60,000, are as follows:

Band	2021 No of employees	2020 No of employees
£60,000 to £69,999	3	1
£70,000 to £79,999	-	1
£80,000 to £89,999	1	-
£100,000 to £109,999	1	1

One lay member of the Chapter, the Receiver General, received remuneration during the year for the period prior to her retirement of £58,718 (2020: £100,000).

The remuneration and pension provision of the clerical members of the Chapter are covered in full by a grant from the Church Commissioners in accordance with the scales laid down by the Archbishop's Council, the Church of England Pensions Board and the Church Commissioners.

A total of £1,252 (2020: £3,577) was reimbursed to six members of the Chapter during the year in respect of travelling and other out of pocket expenses.

Key Management personnel includes the members of Chapter, The Chief Operating Officer, The Chief Finance Officer and prior to her retirement the Receiver General. The total remuneration of key management personnel, including employees national insurance and pension contributions, was £295,323. (2020: £263,917)

## 8 Investment property

<b>Consolidated and Cathedral</b>	<b>Total funds</b>
	£000
Valuation	
At 1 April 2020	18,178
Change in use from non-investment property (note 10)	465
Change in market value	632
At 31 March 2021	<u>19,275</u>

The properties were revalued as at 31 March 2019 by Messrs Carter Jonas LLP, a firm regulated by the Royal Institute of Chartered Surveyors, on the basis of market value. On 31 March 2021 Chapter carried out an interim valuation of the properties.

## 9 Listed and similar investments

	<b>Total funds</b>
	£000
Listed investments at market value 1 April 2020	6,283
Additions	5,314
Proceeds from disposals	(5,240)
Realised and unrealised gains	999
Listed investments at market value 31 March 2021 (consolidated)	<u>7,356</u>
Investments in subsidiary companies at cost	10
Listed and similar investments (Cathedral)	<u>7,366</u>

	2021	2020
	£000	£000
Equity funds	-	2,882
Fixed interest funds	-	576
Investments listed on a stock exchange	4,971	313
Property funds	143	606
Other managed funds including common investment funds and Charity Authorised Investment funds	2,242	1,906
	<u>7,356</u>	<u>6,283</u>
Cash fund	-	68
Shares in subsidiary companies	10	10
	<u>7,366</u>	<u>6,361</u>

The Chapter owns directly the whole of the issued share capital of W inchester Cathedral Enterprises Limited, and the whole of the issued share capital of W inchester Cathedral Box Office Limited.

## 10 Non-investment property

<b>Consolidated</b>	<b>Total funds</b>
<b>Valuation</b>	£000
At 1 April 2020	19,115
Change in use to investment property (note 8)	(465)
At 31 March 2021	<u>18,650</u>

<b>Cathedral</b>	<b>Total funds</b>
<b>Valuation</b>	£000
At 1 April 2020	18,015
Change in use to investment property (note 8)	(465)
At 31 March 2021	<u>17,550</u>

Non-investment properties are held and used as follows:

	<b>£000</b>
<b>At 31 March 2021</b>	<b>£000</b>
For Cathedral administration and workshops	1,650
For Cathedral clergy and staff housing	10,665
For the Deanery	2,700
For the education centre	2,200
Leased to Winchester Cathedral Enterprises Limited	335
<b>Cathedral total</b>	<u>17,550</u>
For Cathedral trading activities	1,100
<b>Consolidated total</b>	<u>18,650</u>

	<b>£000</b>
<b>At 31 March 2020</b>	<b>£000</b>
For Cathedral administration and workshops	1,650
For Cathedral clergy and staff housing	11,130
For the Deanery	2,700
For the education centre	2,200
Leased to Winchester Cathedral Enterprises Limited	335
<b>Cathedral total</b>	<u>18,015</u>
For Cathedral trading activities	1,100
<b>Consolidated total</b>	<u>19,115</u>

The properties were revalued as at 31 March 2019 by Messrs Carter Jonas LLP, a firm regulated by the Royal Institute of Chartered Surveyors, on the basis of existing use. On 31 March 2021 Chapter carried out an interim valuation of the properties, and concluded that there had been no material change in valuation since 31 March 2019.

## 11 Cathedral plant and equipment

	<b>Consolidated</b>	<b>Chapter</b>
	£000	£000
<b>Cost</b>		
At 1 April 2020	549	205
Additions	34	27
Disposals	(200)	(109)
At 31 March 2021	<u>383</u>	<u>123</u>
<b>Depreciation</b>		
At 1 April 2020	388	146
Charge for the year	54	25
Disposals	(200)	(109)
At 31 March 2021	<u>242</u>	<u>62</u>
<b>Netbook value</b>		
At 31 March 2021	<u>141</u>	<u>61</u>
At 31 March 2020	<u>161</u>	<u>59</u>

## 12 Debtors

	<b>Consolidated</b>		<b>Chapter</b>	
	2021	2020	2021	2020
	£000	£000	£000	£000
Winchester Cathedral Enterprises Limited	-	-	343	361
Social security and other taxes	-	20	-	20
Grants receivable	468	-	468	-
Legacies receivable	565	-	565	-
Other debtors	124	423	115	375
Prepayments	19	39	18	37
	<u>1,176</u>	<u>482</u>	<u>1,509</u>	<u>793</u>

## 13 Current liabilities

	<b>Consolidated</b>		<b>Chapter</b>	
	2021	2020	2021	2020
	£000	£000	£000	£000
Expense creditors	96	600	91	587
Social security and other taxes	42	42	35	37
Other creditors	57	97	57	97
Accruals	231	195	208	180
	<u>426</u>	<u>934</u>	<u>391</u>	<u>901</u>

#### 14 a) Endowment funds – Analysis by fund

	At 1 April 2020	Investment gains in the year	At 31 March 2021
	£000	£000	£000
Appeal fund:			
Fabric	1,962	298	2,260
Music	71	-	71
Staff	25	-	25
	<hr/>	<hr/>	<hr/>
	2,058	298	2,356
Music	2,629	380	3,009
Properties revaluation	33,360	632	33,992
Permanent endowment	1,001	145	1,146
John and Kathleen Kyle Ford Memorial Fund for Lay Clerks	80	-	80
Roger Bruce Elery	39	-	39
	<hr/>	<hr/>	<hr/>
Chapter total	39,167	1,455	40,622
Revaluation of subsidiary's property	1,100	-	1,100
	<hr/>	<hr/>	<hr/>
Consolidated total	40,267	1,455	41,722

#### 14 b) Endowment funds – Total Return

##### Consolidated and Cathedral

	Investment Fund 2021 £000	Unapplied Total Return 2021 £000	Total 2021 £000	Investment Fund 2020 £000	Unapplied Total Return 2020 £000	Total 2020 £000
At 1 April	3,143	2,030	5,173	3,123	2,804	5,927
Gift of endowment fund	-	-	-	20	-	20
Investment income	-	253	253	-	303	303
Net revaluation gains / (losses)	-	814	814	-	(774)	(774)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,143	3,097	6,240	3,143	2,333	5,476
Unapplied total return allocated to income	-	(253)	(253)	-	(803)	(803)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March	3,143	2,844	5,987	3,143	2,030	5,173

##### Endowment Funds – Total return investment policy

The Church of England (Miscellaneous Provisions) Measure 2014 permitted cathedrals to adopt a 'total return' approach to investments within endowment funds. In the course of the year, Chapter resolved to apply this approach to the equity and bond investments within endowment funds but not to its investment properties. This distinction was made because the properties, being primarily within the Cbse, are not readily salable and so not available for the general purposes of the Cathedral. This approach to investments leaves the original cost of the endowment in an Investment Fund and any subsequent revaluation gains and undistributed income as Unapplied Total Return.

The determination of the Investment Fund was estimated by reference to the cost of investments at 31 March 1995 plus the cost of additions thereafter. As at 31 March 2020, the amount of £3,143,000 was identified as applicable to the Investment Fund, leaving £2,030,000 representing the net gain applicable to the Income Fund.

The investment income and revaluation gains for the year have been credited to the Income Fund. Chapter resolved to transfer an amount equal to the investment income (but not the revaluation gain) to the General Fund in the year to support the general activities of the Cathedral.

For the purpose of fair comparison, figures have been restated for the prior year to reflect the position had the policy been in force then with investment income, previously shown as unrestricted income, now being shown as endowment fund income with an equivalent amount transferred to General Fund. There is no change to total assets or funds balances as a result of this restatement.

## 15 Restricted funds

### Consolidated and Chapter

	At 1 April 2020 Restated	Net Income (expenditure)	At 31 March 2021
	£000	£000	£000
AEV Day deceased	533	(61)	502
Wessex Centre	1,247	-	1,247
Fabric	191	500	691
Covid Recovery Fund	-	567	567
Organ	371	-	371
General Fabric	110	10	120
Tim Pride Choir Fund	-	75	75
Fabric and worship	45	-	45
Cathedral charitable	31	-	31
Library	31	-	31
Gardening fund	-	30	30
Globe	20	(5)	5
Thomas-Davies	11	-	11
Girls' choir	4	(1)	3
Tower repairs	8	-	8
Deanery River Garden	7	-	7
Epiphany Chapel	5	(1)	4
Venerable Altar/ Swags	5	-	5
Woodhouse Trust	5	-	5
Others under £5,000	20	5	25
	2,644	1,139	3,783

**AEV Day Deceased** - Established by legacy. This fund is restricted to Cathedral Fabric. The income used to offset costs of Cathedral

**Wessex Centre** - Fund is represented by the element of the Wessex Centre funded by restricted grants. (see note 22)

**Fabric** - Funds restricted to the working repair and conservation of the Fabric of the Cathedral.

**Covid Recovery Fund** - Funds for wages and capital expenditure at the Cathedral to support recovery following the pandemic.

**Organ** - Funds to repair and maintain the Organ.

**General Fabric** - Funds restricted to the working repair and conservation of the Cathedral estate.

**Tim Pride Choir Fund** - Funds to support the costs of the boy choristers.

**Fabric and worship** - Funds restricted to the internal fabric relating worship and liturgy in the Cathedral.

**Cathedral charitable** - Income provided by donation to the Cathedral to support other charitable causes.

**Library** - Funds for expenditure on the Library. Income augmented from time to time by restricted donations.

**Gardening fund** - Funds for gardening equipment.

**Globe** - Funds for renovation of the Globes in the Morley Library.

**Thomas-Davies** - A Fund whose income is to be used at the discretion of the Dean and the Chief Operating Officer to meet the special needs, and welfare of the Virgins and Lay Clerks.

**Girls' choir** - Funds to support the Girls' choir.

**Tower repairs** - Funds to repair and maintain the tower.

**Deanery River Garden** - Funds restricted to the repair and maintenance of the Deanery River garden.

**Epiphany Chapel** - Funds restricted to the repair and maintenance of the Epiphany Chapel.

**Venerable Altar/ Swags** - Income received from donations restricted to the repair and maintenance of the Venerable Altar, Icons and Swags.

**Woodhouse Trust** - Funds restricted to sound and light in the Cathedral.

**Others under £5,000** - Monies given for specific activities or projects that are not substantial in balance, income or expenditure.

#### Transfer from restricted funds to unrestricted funds

Where Covid Recovery Fund grants have been spent in accordance with the terms of the grant a transfer is made from the restricted fund to unrestricted funds.

## 16 Designated funds

### Consolidated and Cathedral

	At 1 April 2020	Utilised / released	At 31 March 2021
	£000	£000	£000
<b>Designated Funds</b>			
Chamber choir	2	-	2
Deanery / Priors House	250	(250)	-
Estate conservation and development	-	321	321
Music library	30	(30)	-
Organ	46	-	46
Old Mason's yard	94	(94)	-
Stonemason Festival	11	(11)	-
Cathedral Projects	892	(56)	836
<b>Total Designated funds</b>	<u>1,325</u>	<u>(20)</u>	<u>1,205</u>

**Chamber Choir** - Funds for the Chamber Choir.

**Deanery / Priors House Fund** - Funds to repair and maintain the Deanery and Priors House - transferred to Estate conservation and development fund

**Estate conservation and development** - funds for the conservation of the historic buildings and development of the estate - funds were transferred from the Deanery & Priors house and Old Mason's yard funds.

**Music library** - Funds for the music library.

**Organ** - Funds to repair and maintain the Organ.

**Old Mason's yard** - Funds to repair and maintain the Old Mason's yard buildings - transferred to Estate conservation and development fund.

**Stonemason Festival** - Funds to support the stonemasons festival.

**Cathedral projects** - Funds for completion of remaining projects under the last fundraising campaign.

## 17 Capital commitments

There were no capital commitments as at 31 March 2021 or 31 March 2020.

## 18 Contingent assets/liabilities

The Chapter is aware of its obligations in relation to Chancel liabilities. Since January 2019, the Church Commissioners agreed to increase their grant to 100% of any liability, and have taken on the management and administration of this work.

Chapter is also aware of its obligations to maintain some of the medieval walls surrounding the Cathedral.

There were no contingent assets or liabilities at 31 March 2021 or 31 March 2020.

## 19 Pension schemes

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

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

### **Pension Builder Scheme**

The Pension Builder Section of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2021: £96k, 2020: £99k).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation of the Pension Builder Classic scheme was carried out as at 31 December 2019. This revealed, on the ongoing assumptions used, a deficit of £4.7m. There is no requirement for deficit payments at the current time.

The last Pension Builder 2014 scheme valuation was carried out as at 31 December 2019, and revealed a surplus of £5.5m.

### **Defined Benefits Scheme**

The Defined Benefits Scheme (DBS), section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries. This scheme is closed to new members.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £6k, 2020: £6k).

If following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2019. The overall deficit in the DBS was £11m.

Following the valuation, the Employer entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 38.2% of pensionable salary, and expenses of £3,700 per year. In addition deficit payments of £23,445 per year have been agreed for 5 years from 1 April 2018 in respect of the shortfall in the Employers sub-pool. This obligation has been recognised as a liability within the Employer's financial statements. (see table following)



## 19 Pension schemes (cont'd)

Section 28.11A of FRS102 requires agreed recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2021	2020
	£000	£000
Balance Sheet liability at 1 April	61	84
Deficit contribution paid	(23)	(23)
Balance Sheet liability at 31 March	<u>38</u>	<u>61</u>

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following

	Dec-20	Dec-19	Dec-18
Discount rate	0.30%	1.20%	1.90%

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

### Other Pension Schemes

In addition Chapter operates a stakeholder Pension Scheme with Aviva, administered by Lucas Fettes. This scheme is closed to new members. The pension costs charged to the SOFA in the year are contributions payable (2021: £18k, 2020: £22k).

## 20 Connected entities

Individual members of the Chapter are involved with, and serve on all or some of the boards of The Winchester Cathedral Trust, The Carl Klein Trust, and the Friends of Winchester Cathedral. However, the Chapter does not have day to day control over any of these charities.

### The Friends of Winchester Cathedral

This association exists to assist the Chapter in maintaining the fabric, monuments and the fittings and furnishings of the Cathedral and its associated ground-works within the precincts, excluding property used for residential or administrative purposes.

### The Winchester Cathedral Trust

The Charity's objects are to raise funds and receive donations to apply to any charitable purpose connected with Winchester Cathedral. This includes the general upkeep of the Cathedral and the improvement and repair of all other buildings in the Cathedral Close, and the receipt and distribution of funds raised to meet the costs of choristers.

### The Carl Klein Trust

The Charity's objects are to provide financial assistance to lay clerks and prospective lay clerks of Winchester Cathedral who are in need or are suffering hardship.

## 20 Connected entities (cont'd)

The most recently published summarised results of these entities are as follows:-

	<b>The Friends of W inchester Cathedral Trust</b>	<b>The W inchester Cathedral Trust</b>	<b>The CardKlein Trust</b>
	31M ar-21 £000	31M ar-21 £000	31M ar-21 £000
Total Income	182	19	-
Net expenditure for the year	(63)	(6)	(4)
Net Movement in Funds	(41)	(6)	14
Amounts paid or payable to the Cathedral	182	3	-
Gross Assets	765	710	606
Net Assets	512	706	606

The above accounts of The W inchester Cathedral Trust, and the Friends of W inchester Cathedral have been subject to an audit or independent examination under the Charities Act 2011. Only income receivable from the above connected entities has been included in these financial statements.

### **The Pilgrim s' School**

The Pilgrim s' School is an independent company limited by guarantee whose member is the Chapter. It operates independently of the Cathedral and provides choristers for the Cathedral choir, for which the Cathedral contributes to their educational fees. The School bases its premises from the Cathedral pursuant to a lease under which rent is paid on an arm s length basis. The School's results have not been consolidated and no financial results for the year have been reproduced as the Chapter does not regard running the School as part of the ministry of the Cathedral and any financial surplus is not passed on to the Cathedral.

## 21 Related party transactions

During the year the Chapter received £nil (2020 : £521k) from The W inchester Cathedral Trust.

During the year the Chapter received £114k (2020 : £565k) from The Friends of W inchester Cathedral in grants.

During the year the Chapter received £155k (2020 : £155k) from The Pilgrim s' School in respect of rent.

During the year the Chapter paid £225k (2020 : £248k) in respect of Choristers' school fees to The Pilgrim s' School.

During the year the Chapter paid £1,073 (2020 : £nil) to Sophie Hacker, the wife of a Chapter member Canon Roland Riem , in respect of expenditure on arts and exhibitions.

There were no other related party transactions during the year requiring disclosure (2020 - none)

## 22 Prior year adjustment

In prior years, restricted capital grants have been shown as a creditor on the balance sheet and released to income over 25 years. In preparation for the implementation of the new Cathedral Measure 2021 and the fact that the Cathedral will become a charity, the accounts have this year been updated to ensure compliance with the Charities SORP (FRS102). As a consequence, a prior year adjustment has been made to reflect the fact that under the Charities SORP (FRS102) the capital grants would have been credited to restricted income in full in the year that the Cathedral became entitled to them. This change in accounting policy has increased the restricted funds by £960,000 as at 31 March 2021 and reduced income by £42,000 for the year.

In order to comply with the Charities SORP (FRS 102), certain other classification and presentation changes have been made but these are not separately identified as they do not affect the true and fair view shown by the accounts.

## 23 Prior year comparatives

### Consolidated statement of financial activities

		Unrestricted funds	Restricted funds	Endowment funds	Total funds
	Note	2020 £000	2020 £000	2020 £000	2020 £000
Income from :					
Donations and legacies	1	463	593	20	1,076
Grants receivable	1	1,121	245	-	1,366
Charges and fees arising in the course of charitable activities	1	272	-	-	272
Trading Activities	1	2,620	-	-	2,620
investments	1	1,020	-	-	1,020
<b>Total income</b>		<b>5,496</b>	<b>838</b>	<b>20</b>	<b>6,354</b>
Expenditure on :					
Cost of generating funds	3	1,836	-	-	1,836
Charitable activities:					
Ministry	4	974	379	-	1,353
Cathedral and precincts upkeep	4	989	132	-	1,121
Education and outreach	4	231	36	-	267
Other expenditure on charitable activities	4	1,233	-	-	1,233
<b>Total expenditure</b>	5	<b>5,263</b>	<b>547</b>	<b>-</b>	<b>5,810</b>
Net income before investments gains / (losses)		233	291	20	544
Net gains / (losses) on investments					
Properties		4	-	419	423
Listed and similar investments		(6)	(72)	(74)	(152)
<b>Total net losses on investments</b>		<b>(2)</b>	<b>(72)</b>	<b>(55)</b>	<b>(125)</b>
Net income / (expenditure)		229	119	(35)	13
Other recognised gains					
Revaluation of tangible fixed assets		-	-	58	58
Net movement in funds		229	119	(27)	71
Reconciliation of funds:					
Total funds brought forward		3,985	2,525	40,544	47,054
<b>Total funds carried forward</b>		<b>4,214</b>	<b>2,644</b>	<b>40,267</b>	<b>47,125</b>

## 23 Prior year comparatives (continued)

**Consolidated balance sheet**

	Restated <b>Unrestricted</b>	Restated <b>Restricted</b>	<b>Endowment</b>	Restated <b>Total</b>
	<b>funds</b>	<b>funds</b>	<b>funds</b>	<b>funds</b>
	2020	2020	2020	2020
	£000	£000	£000	£000
<b>Fixed assets</b>				
<b>Investment assets</b>				
Property	84	-	18,094	18,178
Listed and similar Investments	1,178	-	5,173	6,351
	<u>1,262</u>	<u>-</u>	<u>23,267</u>	<u>24,529</u>
<b>Non-investment assets</b>				
Property	875	1,240	17,000	19,115
Plant & equipment	161	-	-	161
	<u>1,036</u>	<u>1,240</u>	<u>17,000</u>	<u>19,276</u>
<b>Total fixed assets</b>	<u>2,298</u>	<u>1,240</u>	<u>40,267</u>	<u>43,805</u>
<b>Current assets</b>				
Stocks	131	-	-	131
Debtors	482	-	-	482
Cash at bank and in hand	2,237	1,404	-	3,641
	<u>2,850</u>	<u>1,404</u>	<u>-</u>	<u>4,254</u>
<b>Current liabilities</b>	<u>(934)</u>	<u>-</u>	<u>-</u>	<u>(934)</u>
<b>Net current assets</b>	<u>1,916</u>	<u>1,404</u>	<u>-</u>	<u>3,320</u>
<b>Total assets less total liabilities</b>	<u>4,214</u>	<u>2,644</u>	<u>40,267</u>	<u>47,125</u>
<b>Funds</b>				
<b>Capital funds:</b>				
Endowment funds	-	-	40,267	40,267
<b>Income funds:</b>				
Restricted funds	15	-	2,644	2,644
Designated funds	16	1,325	-	1,325
General fund		2,889	-	2,889
	<u>4,214</u>	<u>2,644</u>	<u>40,267</u>	<u>47,125</u>

**Balance Sheet - Cathedral only**

	Restated <b>Unrestricted</b> funds 2020 £000	Restated <b>Restricted</b> funds 2020 £000	<b>Endowment</b> funds 2020 £000	Restated <b>Total</b> funds 2020 £000
<b>Fixed assets</b>				
<b>Investment assets</b>				
Property	84	-	18,094	18,178
Listed and similar Investments	1,188	-	5,173	6,361
	<u>1,272</u>	<u>-</u>	<u>23,267</u>	<u>24,539</u>
<b>Non-investment assets</b>				
Property	875	1,240	15,900	18,015
Plant & equipment	59	-	-	59
	<u>934</u>	<u>1,240</u>	<u>15,900</u>	<u>18,074</u>
<b>Total fixed assets</b>	<u>2,206</u>	<u>1,240</u>	<u>39,167</u>	<u>42,613</u>
<b>Current assets</b>				
Stocks	20	-	-	20
Debtors	793	-	-	793
Cash at bank and in hand	2,182	1,404	-	3,586
	<u>2,995</u>	<u>1,404</u>	<u>-</u>	<u>4,399</u>
<b>Current liabilities</b>	<u>(901)</u>	<u>-</u>	<u>-</u>	<u>(901)</u>
<b>Net current assets</b>	<u>2,094</u>	<u>1,404</u>	<u>-</u>	<u>3,498</u>
<b>Total assets less total liabilities</b>	<u>4,300</u>	<u>2,644</u>	<u>39,167</u>	<u>46,111</u>
<b>Funds</b>				
<b>Capital funds:</b>				
Endowment funds	-	-	39,167	39,167
<b>Income funds:</b>				
Restricted funds	15	-	2,644	2,644
Designated funds	16	1,325	-	1,325
General fund		2,975	-	2,975
	<u>4,300</u>	<u>2,644</u>	<u>39,167</u>	<u>46,111</u>

## 23 Prior year comparatives (continued)

## Notes to the Comparative Accounts

## 1 Income

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Endowment funds</b>	<b>Total funds</b>
	2020	2020	2020	2020
	£000	£000	£000	£000
<b>Voluntary income</b>				
Congregational collections and giving	80	25	-	105
Donations	231	25	-	256
Income from appeals and fundraising	1	94	-	95
Tax recoverable under Gift Aid	110	-	-	110
Income from Friends and local trusts	-	394	-	394
Legacies	41	55	20	116
	<hr/> 463	<hr/> 593	<hr/> 20	<hr/> 1,076
<b>Grants receivable</b>				
Church Commissioners	-	150	-	150
Cathedral Projects	1,121	42	-	1,163
Other revenue and capital grants	-	53	-	53
	<hr/> 1,121	<hr/> 245	<hr/> -	<hr/> 1,366
<b>Charges and fees arising in the course of charitable</b>				
Facility and other fees	272	-	-	272
<b>Income from activities generating funds</b>				
Charges to visitors	853	-	-	853
Gross income of shop, refectory and other trading activities	1,767	-	-	1,767
	<hr/> 2,620	<hr/> -	<hr/> -	<hr/> 2,620
<b>Income from investments</b>				
Income from investment property	641	-	-	641
Income from listed and similar investments	379	-	-	379
	<hr/> 1,020	<hr/> -	<hr/> -	<hr/> 1,020
<b>Total income</b>	<hr/> 5,496	<hr/> 838	<hr/> 20	<hr/> 6,354

23 Prior year comparatives (continued)

Notes to the Comparative Accounts

4 Expenditure on charitable activities

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Endowment</b>	<b>Total</b>
	<b>funds</b>	<b>funds</b>	<b>funds</b>	<b>funds</b>
	2020	2020	2020	2020
	£000	£000	£000	£000
<b>Ministry</b>				
Clergy stipends and working expenses	58	14	-	172
Clergy housing costs	27	-	-	27
Clergy support costs	102	-	-	102
Services and music	787	265	-	1,052
	<u>974</u>	<u>379</u>	<u>-</u>	<u>1,353</u>
<b>Cathedral and precincts upkeep</b>				
Major repairs and restoration	257	70	-	327
Maintenance and interior upkeep	372	47	-	419
Cathedral insurance	126	-	-	126
Precincts, security and gardens upkeep	234	15	-	249
	<u>989</u>	<u>132</u>	<u>-</u>	<u>1,121</u>
<b>Education and outreach</b>				
Educational activities	125	-	-	125
Archives and library	106	-	-	106
Charitable and other giving	-	36	-	36
	<u>231</u>	<u>36</u>	<u>-</u>	<u>267</u>
<b>Other expenditure on charitable activities</b>				
Cathedral Projects	1,031	-	-	1,031
Irrecoverable VAT	24	-	-	24
Governance costs	178	-	-	178
	<u>1,233</u>	<u>-</u>	<u>-</u>	<u>1,233</u>
<b>Total expenditure on charitable activities</b>	<u><u>3,427</u></u>	<u><u>547</u></u>	<u><u>-</u></u>	<u><u>3,974</u></u>

22 Prior year comparatives (continued)

Notes to the Comparative Accounts

15 Endowment funds

Chapter	At 1 April 2019 £000	Net Income £000	Investment gains/ (losses) in the year £000	At 31 March 2020 £000
Appeal fund:				
Fabric	2,243	-	(281)	1,962
Music	71	-	-	71
Staff	25	-	-	25
	<hr/>	<hr/>	<hr/>	<hr/>
	2,339	-	(281)	2,058
Music	2,965	20	(56)	2,629
Properties revaluation	32,883	-	477	33,360
Permanent endowment	1,138	-	(37)	1,001
John and Kathleen Kyle Ford Memorial Fund for Lay Clerks	80	-	-	80
Roger Bruce Elery	39	-	-	39
	<hr/>	<hr/>	<hr/>	<hr/>
Cathedral total	39,444	20	(297)	39,167
Revaluation of subsidiary's property	1,100	-	-	1,100
	<hr/>	<hr/>	<hr/>	<hr/>
Consolidated total	40,544	20	(297)	40,267



## 23 Prior year comparatives (continued)

### Notes to the Comparative Accounts

#### 15 Restricted funds

Consolidated and Chapter	At 1 April 2019 Restated	Net Income (expenditure)	Investment gains/ (losses) in the year	At 31 March 2020
	£000	£000	£000	£000
AEV Day deceased	753	(48)	(72)	533
Wessex Centre	1,247	-	-	1,247
Fabric	154	37	-	191
Organ	116	255	-	371
General Fabric	90	20	-	110
Fabric and worship	45	-	-	45
Cathedral charitable	35	(4)	-	31
Library	31	-	-	31
Globe	27	(7)	-	20
Thomas-Davies	11	-	-	11
Girls' choir	9	(5)	-	4
Tower Repairs	8	-	-	8
Deanery River Garden	7	-	-	7
Epiphany Chapel	5	-	-	5
Venerable Altar/ Swags	5	-	-	5
Woodhouse Trust	5	-	-	5
Others under £5,000	19	1	-	20
	<u>2,567</u>	<u>249</u>	<u>(72)</u>	<u>2,644</u>

**AEV Day Deceased** - Established by legacy. This fund is restricted to Fabric. The income used to offset costs of Cathedral maintenance and conservation.

**Wessex Centre** - This fund is represented by the element of the Wessex Centre funded by restricted grants.

**Fabric** - Funds restricted to the working repair and conservation of the Fabric of the Cathedral.

**Organ** - Funds to repair and maintain the Organ.

**General Fabric** - Funds restricted to the working repair and conservation of the Cathedral estate.

**Fabric and worship** - Funds restricted to the internal fabric relating to worship and liturgy in the Cathedral.

**Cathedral charitable** - Income provided by donation to the Cathedral to support other charitable causes.

**Library** - Funds for expenditure on the Library. Income augmented from time to time by restricted donations.

**Globe** - Funds for renovation of the Globes in the Morley Library.

**Thomas-Davies** - A Fund whose income is to be used at the discretion of the Dean and the Receiver General to meet the special needs and welfare of the Virgins and Lay Clerks.

**Girls' Choir** - Funds to support the Girls' choir.

**Tower repairs** - Funds to repair and maintain the tower.

**Deanery River garden** - Funds restricted to the repair and maintenance of the Deanery River garden.

**Epiphany Chapel** - Funds restricted to the repair and maintenance of the Epiphany chapel.

**Venerable Altar/ Swags** - Income received from donations restricted to the repair and maintenance of the Venerable Altar, Icons and Swags.

**Woodhouse Trust** - Funds restricted to sound and light in the Cathedral.

**Others under £5,000** - Monies given for specific activities or projects that are not substantial in balance, income or expenditure.

23 Prior year comparatives (continued)

Notes to the Comparative Accounts

16 Designated funds

<b>Consolidated and Chapter</b>	<b>At 1 April 2019</b>	<b>M o v e m e n t s</b>	<b>Investment gains (losses)</b>	<b>At 31 March 2020</b>
	£000	£000	£000	£000
Designated Funds				
Chamber choir	2	-	-	2
Deanery / Priors House Fund	259	(6)	(4)	250
Music library	30	-	-	30
Organ Fund	47	(4)	-	46
Old Mason's yard	50	44	-	94
Stonemason Festival	11	-	-	11
Cathedral Projects	806	90	(4)	892
<b>Total Designated funds</b>	<b>1205</b>	<b>125</b>	<b>(6)</b>	<b>1,325</b>

**Chamber Choir** - Funds for the Chamber Choir

**Deanery / Priors House Fund** - Funds to repair and maintain the Deanery and Priors House

**Music library** - Funds for the music library

**Organ** - Funds to repair and maintain the Organ

**Old Mason's yard** - Funds to repair and maintain the Old Mason's yard buildings

**Stonemason Festival** - Funds to support the stonemasons festival

**Cathedral projects** - Funds for completion of remaining projects under the last fundraising campaign.