

CHESTER CATHEDRAL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CHESTER CATHEDRAL

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CHESTER CATHEDRAL

MEMBERS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Members of Chapter present their report and financial statements for the year ended 31 December 2020.

The Dean's Report

by the Dean of Chester, The Very Revd Dr Tim Stratford

Chester Cathedral will follow Christ through Discovery, Encounter and Faith.

Chester Cathedral has been built by generations of people expressing their Christian faith through craftsmanship, and it stands in the Benedictine tradition of hospitality and welcome. The Cathedral continues to be a living and working church where diverse people can gather to worship God and out of which a faithful community seeks to offer loving service to society.

Visitors to Chester Cathedral will find at first sight a magnificent building and an awe-inspiring place filled with beauty. On second glance they may begin to appreciate some greater significance in what they see. The more opportunity people are given to discover the stories of this place at their own pace and in their own way, the more they will find.

The Cathedral is not only filled with objects, however. This is a place where people gather and do some journeying in company with one another. It is easy to get lost or feel lonely in any community and if we are to be a place of encounter then every person who visits will need to feel valued and respected. Furthermore, this is a sacred space in which there is a real sense of the Kingdom of God. Visitors who want it should find space simply to be quiet and think.

The opportunity to discover something new may lead to a first step through the doors. Encountering others who work and gather here and encountering God can follow. For some there may be a further step of faith still to be taken. Through invitation to worship, faithfulness to the Gospel and confident witness to Jesus Christ we need to help those who come to inquire about or explore Christian faith.

Cathedral in the Community

Chester Cathedral is an important feature in the landscape of the City and region. It is important as the mother church for the Diocese of Chester, as a destination and attraction for visitors to the City of Chester, as a centre for culture and the arts, as a venue and as a body that offers service and prophetic challenge to society. A challenge is to develop partnerships that draw together many allies in these fields.

Thanks are given to the army of partners, volunteers, and staff for all the work and support they have given over the past year.

Public Benefit

While the Cathedral is not regulated by the Charity Commission, Chapter confirms that it has regard to the public benefit guidance published by the Charity Commission in determining the activities of the Cathedral. The Cathedral serves its community through the provision of daily services and other charitable outreach activity and it also a site of national historical and cultural significance, helping to bring increasing levels of tourism to the city and having a positive economic impact on the region.

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Review

The year 2020 was a difficult one for everyone. Until March, the Cathedral seemed to be on track and on budget. Subsequent COVID-19 lockdowns have obviously taken their toll on visitor and service income, but financial help through grants and other funding, as well as staff restructuring, and good planning, have helped the Cathedral through.

As expected, service, visitor and commercial income were down against 2019 values. Worship fell £55,000 (33%), visitor income was down £258,000 (66%) and events were down £126,000 (81%), despite the Cathedral still welcoming over 100,000 visitors. Some Christmas events, like the choir concerts and the annual *The Snowman* concert, were able to go ahead before the Christmas lockdown was enforced. On the positive side, the Cathedral Estate continued to support its tenants and through regular rent reviews, increased rental income by 9%.

Throughout the year we have been supported generously by grants. We received support from the Government CJRS scheme, Cheshire West and Chester Council Business grants, The Friends of Chester Cathedral and The Church Commissioners to cover salaries and running costs.

The Cathedral was also successful in acquiring a £150,000 Business Interruption Loan but despite these incomes, cashflow has been tight throughout the year. To protect cashflow, the Cathedral was forced to close the Falconry Centre and review staffing levels, which resulted in the loss of several roles, all necessary changes to drive commercial growth again when visitors return. Some key maintenance plans regarding both the Cathedral and the Estate have been delayed and should resume in 2021 and beyond when income picks up.

In 2021 we continue to be supported by grants. The Church Commissioners, The Friends of Chester Cathedral, The Cathedrals Workshop Fellowship, and Cathedral Choir Foundation have all pledged money to cover salaries for stone masons, a conservator, the Lay Clerks, and the choir, to ensure music and maintenance can continue. We continue to draw on the CJRS grant whilst the Cathedral is not able to open fully.

Overall, the Cathedral has managed with grants to ensure cash availability and with careful planning and budgeting should be in a good position for 2021.

Reserves

It is Cathedral policy to hold sufficient cash reserves to cover salaries, utilities and borrowing costs for between six months (minimum) and 12 months (maximum) plus a sum of between £300,000 and £500,000 for regular and emergency maintenance works. At the end of 2020 it was agreed that a further sum of £150,000 be held in cash reserves to insure against a further national lockdown during early 2021. Chester Cathedral will also hold cash in addition to its free reserves for the purpose of funding planned development work that is undertaken over more than one accounting year.

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Investments

Most of the Cathedral's investments are in the form of its endowed estate, comprising sixty-four properties, including residential, office, retail, and catering spaces. The Cathedral holds any cash investments with CCLA in its CBF Church of England Investment Fund (Income). This is reviewed by the Finance Committee and Chapter on a regular basis to ensure good investment return and that funds are invested according to the Church of England Ethical Investment Advisory Group's advice. While income from these investments is not a significant proportion of overall income, the fund is selected based on regular income generation and steady performance, allowing Chapter to forecast with greater confidence.

CCLA investments performed well, despite the pandemic, with good capital growth and comparable quarterly dividends.

At the start of the year, the Cathedral held 48,105 shares in CCLA's investment fund. This was worth approximately £922,128. The Finance Committee advised Chapter in April to liquidate 6,836 shares, £150,000 of free reserve investments, to aid cashflow during the pandemic.

Shares held by the Cathedral at year end was 41,268 shares valued at £845,474. Share values had risen by 132 pence per share, an increase of 6.9%.

Over the year the Cathedral received £24,634 (3%) in dividend income, compared to £27,850 in 2019.

Total Returns

In July 2019, the Chapter of Chester Cathedral agreed to adopt a Total Return policy on investments. Chapter agreed that funds equivalent to £11.4m should be moved from endowment to unapplied total return and will decide annually how much of this fund, if any, can be transferred to the income and expenditure account. It was agreed that this endowment value would increase by RPI annually. Since the assets within the designated fund are principally held as property, the expectation is that any transfers will only be for major changes in the Cathedral's strategy or operations.

Principal Risks

Careful consideration is given to the major risks to which the Cathedral is exposed. Chapter is responsible for ensuring effective risk management and that internal controls are in place to appropriately manage the organisation's risk exposure. The Cathedral recognises that it can only manage risks and not eliminate them and can provide only reasonable, not absolute, assurance against material misstatement or loss.

Risks are considered in a broad context. Chapter and the Audit and Risk Committee focus on the significant matters that might prevent the Cathedral from achieving its vision and strategic plan.

Controls are in place to ensure the Cathedral's financial activities are properly managed. These include budgetary control, account reconciliation procedures, authority levels, periodic stock counts, and monitoring of investment performance. Management accounts are monitored by the Leadership Team monthly and the Finance and Investment Committee quarterly.

Appropriate health and safety for our visitors, staff and volunteers is important and we take our responsibilities seriously via an established Health and Safety Committee. The Cathedral's fire risk assessment is updated annually.

The Cathedral's insurance cover is reviewed annually and as circumstances change. Insurance is currently provided by Ecclesiastical Insurance, which conducts a comprehensive survey every year.

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Cathedral's safeguarding policy and procedures for children, young people and vulnerable adults have been updated. Clergy and specific staff and volunteers are subject to enhanced checking and all staff and volunteers are expected to complete compulsory safeguarding training appropriate to their respective roles.

A fall in tourism visitors is identified as a primary risk for 2021, along with rising costs and increasing statutory/administrative requirements. These risks are being managed through the restructuring of staff.

Another significant risk continues to be fabric works outlined in the quinquennial report. The report has identified the need for significant investment in stonemasonry repairs, anticipated to be completed over a period of ten years. The Cathedral has employed a stonemason and a conservator and is looking for funding to provide further maintenance staff.

A review of the Cathedral's strategic plan was undertaken and as part of this process, department teams reviewed their business plans and a revised plan for the Cathedral was produced.

Very Revd Dr Tim Stratford
Dean of Chester
May 2021

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Structure, Governance and Management

Inadequate governance structures within a small number of Cathedrals have highlighted vulnerabilities across the sector. In 2018 the Cathedrals Working Group completed a review of governance structures with an aim to strengthen safeguards. The resulting recommendations bring cathedrals more in line with Charity Commission guidance and whilst not yet compulsory, Chester Cathedral Chapter will implement them during 2021.

Constitution and statutes

The Cathedral is an ecclesiastical corporation established for charitable purposes and copies of the current constitution and statutes, dated 2016, can be found on the Cathedral website.

Chapter

It is the duty of Chapter to direct and oversee the administration of the affairs of the Cathedral, including the ordering of worship and promotion of the mission of the Cathedral. The Cathedral is also responsible under the requirements laid down by the Church Commissioners under the powers given to them by section 27 of the Cathedrals Measure 1999.

In connection with these annual accounts, Chapter is responsible for:

- Preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for the financial year and of the assets, liabilities and funds at the end of the year, including its related entities

- Stating that they have complied in all material respects with the guidelines on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for non-compliance

- Selecting suitable accounting policies and then applying them consistently

- Making judgements and estimates that are reasonable and prudent

- Keeping proper accounting records from which, the financial position of the Cathedral can be ascertained with reasonable accuracy at any time

- Safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities

Chapter meets at least six times each year and meetings are attended by the Executive Director and any other member of staff, office holder or volunteer, as necessary. Sub-committees of Chapter regularly report back to Chapter meetings.

New Chapter members receive an internal induction and are offered formal external training from the Association of English Cathedrals.

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Members of the Cathedral Chapter:

The Dean	The Very Reverend Dr Tim Stratford
The Vice Dean	The Reverend Canon Jane Brooke
The Canon Precentor	The Reverend Canon Jeremy Dussek
The Canon Diocesan	The Reverend Canon Sarah Fenby
Lay persons elected by the Cathedral Forum	Miss Bedelia Brett Rooks Mr Simon Parrington
Lay person having expertise in financial and business matters, appointed by the Bishop of Chester	Dr Martin Smith
A person in holy orders, appointed by the Bishop in consultation with the Dean	The Venerable Dr Michael Gilbertson

The Cathedral Council

The Cathedral Council is appointed to further and support the work of the Cathedral and to review and advise upon the work of Chapter. The Council is made up of seventeen people at the end of the year:

The Chairman, appointed by the Bishop	Mr Thomas David Briggs, MBE, KStJ
The Dean	The Very Reverend Dr Tim Stratford
Three members of Chapter	The Reverend Canon Jane Brooke The Reverend Canon Jeremy Dussek, and Mr Simon Parrington
Two members of the College of Canons	The Reverend Canon David Felix, and The Reverend Canon Alison Cox
Two lay people elected by the Forum	Mr Bill Hardman, and Mr John de Newtown
A lay person representing the employees	Vacant
A Rural Dean from the Diocese appointed by the Bishop of Chester	The Reverend Simon Drew
A person appointment by the appointments committee of the Church of England	Mr Ian Watmore
A person appointed by the Governors of The University of Chester	Vacant
A lay person appointed by the Bishop's Council	Mr John Freeman
A person appointed by Churches Together in Chester	The Reverend Charlotte Truman
A person appointed by the Bishop after consultation with Cheshire West and Chester Council	Councillor Robert Ian Bisset
A person appointed by the Council of the Friends of Chester Cathedral	Mr Barry Ingram

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The College of Canons

The Dean, residentiary Canons, full-time stipendiary assistant Bishops, Archdeacons, Honorary Canons, Ecumenical Canons, Lay Canons, and Bishops Suffragan working in the Diocese sit as the College of Canons and meet at least once each year.

Cathedral Roll

The main body of the wider Cathedral community is known as the Cathedral roll. Membership of the roll is open to all those who are over sixteen years of age, have been baptised and who either worship at the Cathedral or who work for, or hold office linked to, the Cathedral. From this roll, members are elected to various positions on Chapter, Council and other external bodies. The Cathedral roll meets annually as the Cathedral Forum and at the end of 2020 the number of members on the Cathedral roll was 81.

The Finance and Investment Committee

In accordance with the constitution of the Cathedral, a Finance and Investment committee advises Chapter in connection with its responsibilities in the field of financial and investment management and the management of property and assets belonging to the Cathedral. The committee meets five times a year.

Membership is made up of:

Mark Mitchell
Alan Martin Smith (Chair)
Thomas David Briggs
Michael Gilbertson

The Audit and Risk Committee

The Audit and Risk Committee was established in early 2020 in response to the Cathedrals Working Groups recommendations and will meet at least three times each year under the Chairmanship of Annesley Wright.

Membership is made up of:

Annesley Wright (Chair)
Simon Parrington

In January 2021, Chapter agreed to establish two further sub-committees in order to meet the needs of the new Cathedrals Measure: The Mission Committee and The Nominations and Development Committee. These groups will meet for the first time in 2021.

The Fabric Advisory Committee

Under the Care of Cathedrals Measure 1990, the Fabric Advisory Committee is responsible to the Cathedral's Fabric Commission for England and considers applications from Chapter in regard to proposed development of the changes to the Cathedral's fabric. The committee meets quarterly under the chairmanship of Canon Dr Frances Hulbert.

Chester Cathedral Enterprises Limited

The commercial activities carried out within the Cathedral are governed by Chester Cathedral Enterprises Limited. The Board of Directors meet quarterly.

CHESTER CATHEDRAL

MEMBERS REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Chester Cathedral Development Trust

The Development Trust was established to raise funds for the maintenance and development of the fabric of the Cathedral. The trustees meet at least twice each year under the chairmanship of Mr Thomas David Briggs.

The Chester Cathedral Education Trust

The Education Trust was established to raise funds to support the educational work of the Cathedral. The trustees meet at least twice each year under the chairmanship of the Vice Dean.

The Chester Cathedral Music Trust

The Music Trust was established to raise funds to support the musical activity at the Cathedral. The trustees meet at least once each year under the chairmanship of the Dean.

Statutory Post Holders and Senior Staff

Executive Director	Carolyn Bruce
Commercial Director	Jon Turley
Communications Director	Kevin Baxter
Cathedral Safeguarding Advisor	Helen Barber
Director of Music	Philip Rushforth
Estate management	Neil Tunks, DNS Surveyors Limited
Architect	Tony Barton, Donald Insall Associates
Archaeologist	Simon Ward
Auditor	Desirie Lea, Morris & Co
Bankers	Natwest Bank, Chester

Cathedral Details

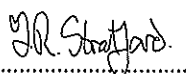
Chester Cathedral of Christ and the Blessed Virgin Mary Chester

Cathedral Office
9 Abbey Square
CHESTER CH1 2HU

Conflicts of Interest

The Dean would like to declare that his spouse is the Education Officer, and that he has agreed to being removed from any decision related to this post.

The Members of Chapter report was approved by the members



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The Very Reverend Dr T R Stratford

Dated: **29 June 2021**
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CHESTER CATHEDRAL

STATEMENT OF MEMBERS RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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

The law applicable to charities in England and Wales requires the Members of Chapter to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Chapter and of the incoming resources and application of resources of the Chapter for that year.

In preparing these financial statements, the Members of Chapter are required to:

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

The Members of Chapter are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Chapter and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Chapter and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHESTER CATHEDRAL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHAPTER OF CHESTER CATHEDRAL

Opinion

We have audited the financial statements of Chester Cathedral (the 'Chapter') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Chapter's affairs as at 31 December 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Members of Chapter are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CHESTER CATHEDRAL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHAPTER OF CHESTER CATHEDRAL

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 the Chapter's (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Members report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members of Chapter

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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 risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve deliberate concealment, by for example, forgery or intentional misrepresentations or through collusion. The extent to which our procedures are capable of detecting irregularities including fraud is detailed below.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chapter and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework FRS 102 and the Charities Act 2011. In addition we concluded that there are certain significant laws and regulations which may have an effect on the determination of the accounts and disclosures in the financial statements being those laws and regulations relating to health and safety and employee matters.

We understood how the Chapter is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures and corroborated our enquiries through a review of minutes of Chapter meetings.

We assessed the susceptibility of the Chapter's financial statements to material misstatement including how fraud might occur by discussing with the audit risk committee including attendance at meetings and review of the risk register compiled and maintained by members of Chapter.

CHESTER CATHEDRAL

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHAPTER OF CHESTER CATHEDRAL

We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding we design specific audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters

Your attention is drawn to the fact that the Chapter has prepared financial statements in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2016.

Mrs Desirée Lea FCA FCCA (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited

Chartered Accountants
Statutory Auditor

.....
23 August 2021

Chester House
Lloyd Drive
Ellesmere Port
Cheshire
United Kingdom
CH65 9HQ

Mitten Clarke Audit Limited is eligible for appointment as auditor of the Chapter by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

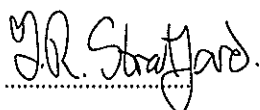
CHESTER CATHEDRAL**STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £	Total 2019 £
<u>Income and endowments from:</u>						
Donations and legacies	2	587,939	447,871	-	1,035,810	1,087,887
Other trading activities	3	128,985	-	-	128,985	373,784
Investments	4	833,418	-	-	833,418	793,200
Other income	5	6,580	-	-	6,580	9,689
Total income		1,556,922	447,871	-	2,004,793	2,264,560
<u>Expenditure on:</u>						
Raising funds	8	667,219	-	-	667,219	723,335
<u>Charitable activities</u>						
Education and outreach	6	43,218	229	-	43,447	49,013
Cathedral upkeep	6	391,438	-	-	391,438	498,233
Ministry	6	65,100	378,067	-	443,167	460,660
Music	6	263,881	31,633	-	295,514	374,894
Total charitable expenditure		763,637	409,929	-	1,173,566	1,382,800
Other	10	107,813	-	40,072	147,885	71,826
Total resources expended		1,538,669	409,929	40,072	1,988,670	2,177,961
Net gains/(losses) on investments	11	-	-	52,119	52,119	149,769
Net incoming resources before transfers		18,253	37,942	12,047	68,242	236,368
Gross transfers between funds		13,816	(13,816)	-	-	-
Net movement in funds		32,069	24,126	12,047	68,242	236,368
Fund balances at 1 January 2020		1,140,635	113,328	15,649,251	16,903,214	16,666,846
Fund balances at 31 December 2020		1,172,704	137,454	15,661,298	16,971,456	16,903,214

CHESTER CATHEDRAL**BALANCE SHEET****AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,024,038		4,040,123
Investment properties	13		13,369,360		13,369,360
Investments	14		855,146		931,474
			<u>18,248,544</u>		<u>18,340,957</u>
Current assets					
Debtors	15	405,840		430,698	
Cash at bank and in hand		249,378		248,110	
			<u>655,218</u>		<u>678,808</u>
Creditors: amounts falling due within one year	16	(415,649)		(761,047)	
Net current assets/(liabilities)			239,569		(82,239)
Total assets less current liabilities			<u>18,488,113</u>		<u>18,258,718</u>
Creditors: amounts falling due after more than one year	18	(1,516,657)		(1,355,504)	
Net assets			<u><u>16,971,456</u></u>		<u><u>16,903,214</u></u>
Capital funds					
Endowment funds	21		15,661,298		15,649,251
Income funds					
Restricted funds	21		137,454		113,328
Unrestricted funds	21		1,172,704		1,140,635
			<u>16,971,456</u>		<u>16,903,214</u>

The accounts were approved by the Members of Chapter on



The Very Reverend Dr T R Stratford



Dr A M Smith

CHESTER CATHEDRAL**BALANCE SHEET****AS AT 31 DECEMBER 2020****Balance Sheet Analysis by fund**

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 31.12.2020 £	Total 31.12.2019 £
Fixed Assets					
Tangible assets	93,708	-	3,930,330	4,024,038	4,040,123
Investment properties	-	-	13,369,360	13,369,360	13,369,360
Investments	-	-	855,146	855,146	931,474
	<u>93,708</u>	<u>-</u>	<u>18,154,836</u>	<u>18,248,544</u>	<u>18,340,957</u>
Current assets					
Debtors	405,840	-	-	405,840	430,698
Cash at bank and in hand	1,256,569	137,454	(1,144,645)	249,378	248,110
	<u>1,662,409</u>	<u>137,454</u>	<u>(1,144,645)</u>	<u>655,218</u>	<u>678,808</u>
Creditors: amounts falling due within one year	(347,850)	-	(67,799)	(415,649)	(761,047)
Net current assets/(liabilities)	<u>1,314,559</u>	<u>137,454</u>	<u>(1,212,444)</u>	<u>239,569</u>	<u>(82,239)</u>
Total assets less current liabilities	1,408,267	137,454	16,942,392	18,488,113	18,258,718
Creditors: amounts falling due after more than one year	(235,563)	-	(1,281,094)	(1,516,657)	(1,355,504)
Net assets	<u>1,172,704</u>	<u>137,454</u>	<u>15,661,298</u>	<u>16,971,456</u>	<u>16,903,214</u>
Capital funds					
Endowment funds - general	-	-	15,661,298	15,661,298	15,649,251
Income funds					
Restricted funds	-	137,454	-	137,454	113,328
Unrestricted funds	1,172,704	-	-	1,172,704	1,140,635
TOTAL FUNDS	<u><u>1,172,704</u></u>	<u><u>137,454</u></u>	<u><u>15,661,298</u></u>	<u><u>16,971,456</u></u>	<u><u>16,903,214</u></u>

CHESTER CATHEDRAL**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	26	(1,063,325)		(469,324)	
Investing activities					
Purchase of tangible fixed assets		-		(3,741)	
Purchase of investments		(21,553)		-	
Proceeds on disposal of investments		150,000		44,002	
Investment income		833,418		793,200	
Net cash generated from investing activities			961,865		833,461
Financing activities					
Movement of bank loans		102,728		(65,139)	
Net cash generated from/(used in) financing activities			102,728		(65,139)
Net increase in cash and cash equivalents			1,268		298,998
Cash and cash equivalents at beginning of year			248,110		(50,888)
Cash and cash equivalents at end of year			249,378		248,110

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with the December 2018 regulations on accounting and reporting by English Anglican Cathedrals prepared in association with the Association of English Cathedrals and specified by the Church Commissioners under section 27 of the Cathedrals Measure 1999.

Total Returns Adoption

In July 2019, the Chapter of Chester Cathedral agreed to adopt a Total Return policy on investments. The Chapter used 1952 as the base house price. Applying RPI to this figure confirms the current base value as £5,850,000. Chapter agreed that funds equivalent to £11.4m should be moved from endowment property and £0.8m from endowment investments to unapplied total return and will decide annually how much of this fund, if any, can be transferred to the income and expenditure account. However, since the assets within the fund are principally held as property, the expectation is that any transfers will only be for major changes in the Cathedral's strategy or operations.

The value of the Permanent Endowment Fund will increase at the RPI rate each year.

1.2 Going concern

In line with Government and Church guidance, the Cathedral closed to the public from 23rd March 2020 in response to the COVID-19 pandemic. The Cathedral remained closed during the enforced lockdown with a gradual re-opening from the beginning of July 2020. The closure caused an immediate fall in income levels of around 80% and a fall in the value of investments held of £47,350 at 30 April 2020. Whilst there were further significant restrictions on re-opening, the Chapter approved a plan of re-structuring that will see the Cathedral recover within three years. Additional borrowing and funding has been received together with a draw-down on investments to cover cash-flow requirements. Market values increased by £52,119 at 31 December 2020.

Further grants have been secured for 2021 which are expected to cover the essential maintenance work. Support of the Church Commissioners and HM Revenue and Customs Job Retention Scheme continues into 2021.

Therefore, at the time of approving the accounts, the Members of Chapter have a reasonable expectation that the Cathedral has adequate resources to continue in operational existence for the foreseeable future. Thus the Members continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Members of Chapter in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Permanent Endowment funds are subject to specific conditions by donors that the capital must be maintained by the chapter.

1.4 Incoming resources

Income from collections and other donations is recognised when received by or on behalf of the Cathedral. Income from grants and legacies is recognised when notified in writing, any conditions related to the entitlement have been met and the amount can be measured reliably. Grant income includes a grant from the Church Commissioners to fund the stipend costs of The Dean and canons, the costs of which are shown in staff costs.

Income from investments is recognised when receivable. Investment income from common investment funds managed by CCLA Investment Managers Ltd is considered receivable when dividends are declared. Net gains and losses on investments are recognised when investments are sold and on revaluation.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies **(Continued)**

1.5 Resources expended

Expenditure (including depreciation and pension costs and the costs of repairs, restoration and maintenance of the Cathedral) is accounted for on the accruals basis and is allocated under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Support costs have been allocated on the assumption that they arise in proportion to direct expenditure of the charitable activity.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Fixtures and fittings	10% or 25% straight line
IT equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

No depreciation is provided on freehold property because Members of Chapter are of the opinion that the properties are maintained to such a high standard that any depreciation charged would be negligible.

1.7 Investment properties

Having reviewed the investment properties the members believe that the values have not changed materially and therefore investment property is included at the 2018 valuation.

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

A subsidiary is an entity controlled by the Chapter. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies **(Continued)**

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when Chapter is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.12 Donated assets and services

Offers of gifts or books to the Cathedral Library are considered by the Canon Missioner and Vice Dean and the Cathedral Librarian. Books on the Cathedral itself or the Diocese and their respective histories, or books written by authors, past and present, associated either with the Cathedral or Diocese are especially welcomed.

Offers of other kinds of gifts are considered by Chapter and where appropriate by the Cathedral's Fabric Advisory Committee (FAC).

The disposal of donated assets which are deemed to have outlived their usefulness is carefully considered by the FAC and where appropriate, proposals are submitted to the Cathedral's Fabric Commission for England (CFCE). No items are disposed of without the agreement of the FAC and decisions of the CFCE are always complied with.

In the case of such items once donated by individuals or families, surviving relatives are always informed when a decision is made in favour of disposal.

Where services are provided to the Chapter as a donation that would normally be purchased, the contribution is included in the financial statements at an estimate based on the value of the contribution to the Chapter.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****2 Donations and legacies**

	Unrestricted funds	Restricted funds	Total 2020	Total 2019
	£	£	£	£
Donations and gifts	222,714	28,404	251,118	523,589
Legacies receivable	26,228	-	26,228	9,821
Grants	338,997	419,467	758,464	387,468
Donation - Chester Cathedral Enterprises Ltd	-	-	-	167,009
	<u>587,939</u>	<u>447,871</u>	<u>1,035,810</u>	<u>1,087,887</u>
For the year ended 31 December 2019	<u>799,692</u>	<u>288,195</u>		<u>1,087,887</u>
Grants receivable for core activities				
Education	8,348	11,400	19,748	1,697
Worship	13,330	-	13,330	4,726
Church Commissioners	-	244,392	244,392	99,290
Clerics Salary Support	-	133,675	133,675	133,325
Special projects	-	-	-	25,000
Music	3,808	-	3,808	32,007
Friends of Chester Cathedral	-	-	-	524
Renovations	33,329	-	33,329	81,820
Scientists in Congregation	-	-	-	6,150
Other grants	280,182	30,000	310,182	2,929
	<u>338,997</u>	<u>419,467</u>	<u>758,464</u>	<u>387,468</u>
Analysis of other grants				
HM Revenue & Customs Job Retention Scheme			232,814	
All Churches			25,000	
Alicia Stubbs			10,000	
Cheshire West and Chester - Rates			12,368	
Leverhulme Trust - West Doors			30,000	
			<u>310,182</u>	

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****3 Other trading activities**

	Unrestricted funds 2020 £	Total 2019 £
Fundraising events	128,985	373,784

4 Investments

	Unrestricted funds 2020 £	Total 2019 £
Rental income	808,784	765,350
Income from listed investments	24,634	27,850
	<u>833,418</u>	<u>793,200</u>

5 Other income

	Unrestricted funds 2020 £	Total 2019 £
Insurance claims	6,580	9,689

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****6 Charitable activities**

	Education and outreach	Cathedral upkeep	Ministry	Music	Total 2020	Total 2019
	2020	2020	2020	2020		
	£	£	£	£	£	£
Staff costs	30,127	82,714	133,197	159,313	405,351	467,858
Hire of plant and machinery	-	-	-	-	-	521
Refuse and recycling	-	13,005	-	-	13,005	7,177
Insurance	-	70,608	-	-	70,608	69,445
Rates, utilities and water	-	50,080	15,906	-	65,986	73,180
Postage and stationery	-	-	-	104	104	877
Advertising	-	-	-	431	431	873
Clergy expenses	-	-	9,232	-	9,232	7,344
Music expenses	-	-	-	26,491	26,491	6,528
Recitalist fees	-	-	-	356	356	7,965
Maintenance	229	60,713	-	26,935	87,877	199,373
Clergy stipends	-	-	141,295	-	141,295	145,790
Clergy housing costs	-	-	3,828	-	3,828	15,497
General expenses	1,391	8,906	20,366	2,304	32,967	30,871
	<u>31,747</u>	<u>286,026</u>	<u>323,824</u>	<u>215,934</u>	<u>857,531</u>	<u>1,033,299</u>
Share of support costs (see note 7)	10,846	97,717	110,631	73,771	292,965	309,403
Share of governance costs (see note 7)	854	7,695	8,712	5,809	23,070	40,098
	<u>43,447</u>	<u>391,438</u>	<u>443,167</u>	<u>295,514</u>	<u>1,173,566</u>	<u>1,382,800</u>
Analysis by fund						
Unrestricted funds	43,218	391,438	65,100	263,881	763,637	1,071,554
Restricted funds	229	-	378,067	31,633	409,929	311,246
	<u>43,447</u>	<u>391,438</u>	<u>443,167</u>	<u>295,514</u>	<u>1,173,566</u>	<u>1,382,800</u>
For the year ended 31 December 2019						
Unrestricted funds	49,013	494,135	217,258	311,148		1,071,554
Restricted funds	-	4,098	243,402	63,746		311,246
	<u>49,013</u>	<u>498,233</u>	<u>460,660</u>	<u>374,894</u>		<u>1,382,800</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020**

7 Support costs	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	201,092	10,483	211,575	204,872	10,361	215,233
Depreciation	16,085	-	16,085	15,920	-	15,920
Telephone	5,382	-	5,382	4,840	-	4,840
Postage and stationery	5,250	-	5,250	16,192	-	16,192
Office equipment	36,128	-	36,128	28,332	-	28,332
Legal and professional	16,984	-	16,984	18,757	-	18,757
Bank charges	7,352	-	7,352	7,821	-	7,821
General expenses	4,692	-	4,692	12,669	-	12,669
Audit fees	-	9,000	9,000	-	9,000	9,000
Chapter expenses	-	3,587	3,587	-	20,737	20,737
	<u>292,965</u>	<u>23,070</u>	<u>316,035</u>	<u>309,403</u>	<u>40,098</u>	<u>349,501</u>
Analysed between						
Charitable activities	<u>292,965</u>	<u>23,070</u>	<u>316,035</u>	<u>309,403</u>	<u>40,098</u>	<u>349,501</u>

Governance costs includes payments to the auditors of £9,000 (2019- £9,000) for audit fees.

8 Raising funds

	2020	2019
	£	£
<u>Fundraising and publicity</u>		
Staff costs	255,964	244,142
<u>Trading costs</u>		
Other trading activities	46,479	101,884
<u>Investment management</u>	364,776	377,309
	<u>667,219</u>	<u>723,335</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****9 Employees****Number of employees**

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Full time	19	28
Part time	31	28
	<u>50</u>	<u>56</u>
	<u><u>50</u></u>	<u><u>56</u></u>
Number of full time equivalent employees	<u>38</u>	<u>42</u>
	<u><u>38</u></u>	<u><u>42</u></u>

In January 2020 the total number of employees on the payroll was 59. In December 2020 this number had reduced to 43.

Employment costs	2020	2019
	£	£
Wages and salaries	846,412	926,561
Social security costs	58,260	62,617
Pension costs	36,229	35,380
Redundancy payments	26,837	-
	<u>967,738</u>	<u>1,024,558</u>
	<u><u>967,738</u></u>	<u><u>1,024,558</u></u>
Less amounts invoiced to Chester Cathedral Enterprises:		
Wages and salaries	(161,255)	(283,153)
Social security costs	(5,788)	(7,136)
Pension costs	(5,747)	(7,684)
	<u>(172,790)</u>	<u>(297,973)</u>
	<u><u>(172,790)</u></u>	<u><u>(297,973)</u></u>
Net payroll costs before support received	<u>794,948</u>	<u>726,585</u>
	<u><u>794,948</u></u>	<u><u>726,585</u></u>

The figures above reflect payroll costs for the year. However, the following grant income was received to contribute to these costs.

HM Revenue & Customs Job Retention Scheme grant income	232,814	-
Church Commissioners grant income	244,392	-
	<u>477,206</u>	<u>-</u>
Total payroll support received	<u><u>477,206</u></u>	<u><u>-</u></u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****9 Employees (Continued)**

Net payroll costs of the Cathedral	317,742	726,585
	<u>317,742</u>	<u>726,585</u>

Included within total wages and salaries is an amount of £133,675 for Clergy salaries costs (2019 - £145,790).

There were no employees whose annual remuneration was £60,000 or more.

10 Other

	Unrestricted funds	Endowment funds	Total 2020	Total 2019
Pension deficit increase	74,301	-	74,301	-
Financing costs	-	40,072	40,072	45,644
Irrecoverable VAT	33,512	-	33,512	26,182
	<u>107,813</u>	<u>40,072</u>	<u>147,885</u>	<u>71,826</u>
For the year ended 31 December 2019	<u>26,182</u>	<u>45,644</u>		<u>71,826</u>

Financing costs noted above represents bank loan interest.

11 Net gains/(losses) on investments

	2020 £	2019 £
Gain/(loss) on investments	52,119	149,769
	<u>52,119</u>	<u>149,769</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****12 Tangible fixed assets**

	Freehold land and buildings	Fixtures and fittings	IT equipment	Total
	£	£	£	£
Cost or valuation				
At 1 January 2020	3,930,330	333,634	2,961	4,266,925
At 31 December 2020	3,930,330	333,634	2,961	4,266,925
Depreciation and impairment				
At 1 January 2020	-	223,841	2,961	226,802
Depreciation charged in the year	-	16,085	-	16,085
At 31 December 2020	-	239,926	2,961	242,887
Carrying amount				
At 31 December 2020	3,930,330	93,708	-	4,024,038
At 31 December 2019	3,930,330	109,793	-	4,040,123

13 Investment property

	2020
	£
Fair value	
At 1 January 2020 and 31 December 2020	13,369,360

Investment properties, which are those properties not used for direct cathedral purposes and so may change from time to time, are included at a valuation which was undertaken internally during 2018 and additional expenditure during the year ended 31 December 2018 at cost. Chapter considers that the properties need not be depreciated due to the policy of maintaining these assets to such a high standard that any depreciation charge would be negligible.

Individual improvements made to investment properties are depreciated over their estimated useful lives which is currently ten years but subject to regular review.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****14 Fixed asset investments**

	Listed investments £	Other investments	Total £
Cost or valuation			
At 1 January 2018	931,374	100	931,474
Additions	21,553	-	21,553
Valuation changes	52,119	-	52,119
Disposals	(150,000)	-	(150,000)
	<u>855,046</u>	<u>100</u>	<u>855,146</u>
At 31 December 2020	855,046	100	855,146
	<u>855,046</u>	<u>100</u>	<u>855,146</u>
Carrying amount			
At 31 December 2020	855,046	100	855,146
	<u>855,046</u>	<u>100</u>	<u>855,146</u>
At 31 December 2019	931,374	100	931,474
	<u>931,374</u>	<u>100</u>	<u>931,474</u>

	Notes	2020 £	2019 £
Other investments comprise:			
Investments in subsidiaries	24	100	100
		<u>100</u>	<u>100</u>

15 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	166,479	228,540
Other debtors	223,013	167,009
Prepayments and accrued income	16,348	35,149
	<u>405,840</u>	<u>430,698</u>

Other debtors noted above relates to an amount due from Chester Cathedral Enterprises Limited.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****16 Creditors: amounts falling due within one year**

	Notes	2020 £	2019 £
Bank loans	17	67,799	118,197
Other taxation and social security		29,335	49,358
Trade creditors		44,183	32,202
Other creditors		102,690	313,029
Accruals and deferred income		171,642	248,261
		<u>415,649</u>	<u>761,047</u>

Included within other creditors for 2019 was an amount of £250,000 which was held as a bond for the renovations of 10 and 11 Abbey Square.

17 Loans and overdrafts

	2020 £	2019 £
Bank loans	1,348,893	1,246,165
	<u>1,348,893</u>	<u>1,246,165</u>
Payable within one year	67,799	118,197
Payable after one year	1,281,094	1,127,968
	<u>1,281,094</u>	<u>1,127,968</u>

The bank loans are secured by way of a fixed charge on twelve of Chapter's properties.

The other loans are secured on the assets to which they relate.

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	17	1,281,094	1,127,968
Pension deficit		235,563	227,536
		<u>1,516,657</u>	<u>1,355,504</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****19 Analysis of net assets between funds**

	Unrestricted funds	Restricted funds	Endowment funds	Total
	£	£	£	£
Fund balances at 31 December 2020 are represented by:				
Tangible assets	(14,130,798)	-	18,154,836	4,024,038
Investment properties	13,369,360	-	-	13,369,360
Investments	855,146	-	-	855,146
Current assets/(liabilities)	1,314,559	137,454	(1,212,444)	239,569
Long term liabilities	(235,563)	-	(1,281,094)	(1,516,657)
	<u>1,172,704</u>	<u>137,454</u>	<u>15,661,298</u>	<u>16,971,456</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

20 Pension commitments

Chester Cathedral (DBS) participates in the Defined Benefits Scheme section of CWPF for lay staff. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme 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.

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.

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 DBS 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 DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £36,229, 2019: £35,380) plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £143,367 for 2020 (2019: £65,481).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, 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 DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in DBS was £26.2m.

A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****Pension commitments - continued**

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay a contribution rate of 21.3% of pensionable salary and expenses of £8,200 per year. In addition deficit payments of £17,027 per year have been agreed for 10.00 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2020 £	2019 £
Liability as at 1 January	227,539	257,640
Deficit contribution	(32,840)	(30,101)
Increase in deficit	74,301	-
Liability as at 31 December	<u>269,000</u>	<u>227,539</u>

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

	2020 %	2019 %
Discount rate	0.5	1.40

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.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****21 Movement in funds**

	At 1.1.20	Incoming resources including transfers	Outgoing resources including transfers	Net movement	At 31.12.20
	£	£	£	£	£
Unrestricted funds					
Unrestricted income fund	1,140,635	1,570,738	(1,538,669)	32,069	1,172,704
	<u>1,140,635</u>	<u>1,570,738</u>	<u>(1,538,669)</u>	<u>32,069</u>	<u>1,172,704</u>
Restricted funds					
Bell ringers	4,119	15,897	(4,934)	10,963	15,082
GMP Fund	5,157	-	-	-	5,157
Organ	33,906	2,060	(9,951)	(7,891)	26,015
Canon Chancellors Award	4,324	-	(229)	(229)	4,095
Ann Duchess Vestments	4,235	-	-	-	4,235
Nave Floor	16,666	-	-	-	16,666
Entrance fabric	3,961	7,859	(8,559)	(700)	3,261
Chamber Organ	17,016	-	(12,050)	(12,050)	4,966
Education Assistant	3,000	13,488	(7,280)	6,208	9,208
Soloists	20,944	-	(2,675)	(2,675)	18,269
Church commissioners	-	378,067	(378,067)	-	-
Leverhulme - West Doors	-	30,000	-	30,000	30,000
Vice Dean	-	500	-	500	500
	<u>113,328</u>	<u>447,871</u>	<u>(423,745)</u>	<u>24,126</u>	<u>137,454</u>
Endowment funds					
Endowment capital fund	15,649,251	52,119	(40,072)	12,047	15,661,298
	<u>15,649,251</u>	<u>52,119</u>	<u>(40,072)</u>	<u>12,047</u>	<u>15,661,298</u>
TOTAL FUNDS	<u>16,903,214</u>	<u>2,070,728</u>	<u>(2,002,486)</u>	<u>68,242</u>	<u>16,971,456</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****22 Endowment funds**

	Clergy property	Investment property	Investments	Net Assets	Total
	£	£	£	£	£
PERMANENT ENDOWMENT					
At 1 January 2020	3,930,330	1,919,670	-	-	5,850,000
Increase in RPI	-	70,200	-	-	70,200
At 31 December 2020	3,930,330	1,989,870	-	-	5,920,200
UNAPPLIED TOTAL RETURN					
Property values 1 January 2020	-	11,449,690	-	-	11,449,690
Property value increase	-	-	-	-	-
Increase in RPI to permanent	-	(70,200)	-	-	(70,200)
Property values 31 December 2020	-	11,379,490	-	-	11,379,490
Investments at 1 January 2020	-	-	931,474	-	931,474
Gains/(Losses) in year	-	-	52,119	-	52,119
Allocation for cathedral purposes	-	-	(128,447)	-	(128,447)
Investments at 31 December 2020	-	-	855,146	-	855,146
Net assets at 1 January 2020	-	-	-	(2,581,913)	(2,581,913)
Movement in the year	-	-	-	88,375	88,375
Net assets at 31 December 2020	-	-	-	(2,493,538)	(2,493,538)
At 31 December 2020	-	11,379,490	855,146	(2,493,538)	9,741,098
TOTAL ENDOWMENT FUNDS	3,930,330	13,369,360	855,146	(2,493,538)	15,661,298

In 2019, the Chapter of Chester Cathedral agreed to adopt a Total Return policy on investments. The assets within the Unapplied portion of the fund are principally held as property. The expectation is that any transfers will only be for major changes in the Cathedrals strategy or operations. An RPI increase of 1.2% has been applied in the year to 31 December 2020.

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****23 Subsidiaries**

These financial statements are separate Chapter financial statements for The Chapter of Chester Cathedral.

Details of the subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Chester Cathedral Enterprises Limited	England	Retail	Ordinary shares	100.00	

24 Related party transactions

During the year ended 31 December 2020 and 31 December 2019 three members of Chapter received stipends in line with the Church of England Structures.

The Dean's spouse was employed as an educational officer within the cathedral.

25 Analysis of changes in net (debt)/funds

	At 1 January 2020	Cash flows	At 31 December 2020
	£	£	£
Cash at bank and in hand	248,110	1,268	249,378
Loans falling due within one year	(118,197)	50,398	(67,799)
Loans falling due after more than one year	(1,127,968)	(153,126)	(1,281,094)
	<u>(998,055)</u>	<u>(101,460)</u>	<u>(1,099,515)</u>

26 Cash generated from operations

	2020	2019
	£	£
Surplus for the year	68,242	236,368
Adjustments for:		
Investment income recognised in profit or loss	(833,418)	(793,200)
Gain on disposal of investments	(52,119)	(149,769)
Depreciation and impairment of tangible fixed assets	16,085	15,920
Movements in working capital:		
Decrease/(increase) in debtors	24,858	(24,857)
(Decrease)/increase in creditors	(286,973)	246,214
Cash absorbed by operations	<u><u>(1,063,325)</u></u>	<u><u>(469,324)</u></u>