

CHESTER CATHEDRAL

**THE CATHEDRAL CHURCH OF
CHRIST AND THE BLESSED VIRGIN MARY IN CHESTER**

**ANNUAL REPORT OF THE CHAPTER
AND ACCOUNTS**

YEAR ENDED 31 DECEMBER 2022

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CONTENTS	Page
Annual Report of the Chapter	1 - 11
Independent Auditor's Report	12 - 15
Statement of Financial Activities	16
Consolidated Balance sheet	17
Cathedral Balance sheet	18
Statement of Cash Flows	19
Notes to the Financial Statements	20 - 41

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Dean's Report 2022

The Hut of the Shepherd

A new Constitution and Statutes for Chester Cathedral were finalized over the course of 2022 and are due to take effect in 2023. These are a direct consequence of the Cathedrals Working Group Report 2018 and the resultant Cathedrals Measure 2021. Chapter, as the governing body of the Cathedral and in the configuration it has embodied since 1999, held its final meeting in November 2022. The Cathedral is indebted to all who have served on Chapter as its governing body, both as executive and as non-executive members. A new Chapter with its ancillary bodies and committees will be fully appointed in the first half of 2023 with full charitable registration anticipated at the end of June.

The Cathedrals Working Group Report used the words of Dutch Reformed theologian Albert Van Den Heuvel who talked of a cathedral
as a sign of pro-existence,
a symbol of diversity in unity,
a Pentecostal laboratory,
a theatre of basic drama,
a temple of dialogue,
a centre of creativity,
an academy of committed information,
a clinic for public exorcism,
an international exchange,
a broadcasting station for the voice of the poor,
a tower of reconciliation,
a motel for pilgrims,
a house of vicarious feasts,
and the hut of the shepherd.

We are keenly aware of the multi-layered nature of Chester Cathedral at the close of 2022.

The Cathedral's performance is often measured in terms of its footfall and income levels with carefully managed cost-controls ensuring a highly productive workforce, both employed and voluntary. And, over the course of 2022 we have exceeded our expectations and budgets in all cases. But this is more than a business. We seek also to make a spiritual and cultural contribution to the local community and tourist community alike; we serve the diocese of Chester as mother church and provide sacred space in which the Bishop of Chester can gather his people; we nurture and form congregations for whom this is the principal place of worship; we convene and meet with people who want to share in building a flourishing community; and we are often the first port of call for people with deep and complex needs. In all of these respects the staff and volunteers who work and give their time to Chester Cathedral have done some fantastic work over the course of the year.

CHESTER CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

The Business

The Cathedral's income generating departments have had a solid year. Events bookings have been a notable source of growth over and above previous pre-covid years. This has in turn supported the Refectory income which has provided food and beverage for most events as well as running the newly rebranded Café 1092. The shop is beautifully presented in the Undercroft once more and has seen steadily increasing sales through the course of the year. Whilst footfall has been a little above the level we expected, the number of international visitors has kept the value of secondary spend and donations low although this is more than compensated for by the uplift in events income.

The Cathedral is free to enter for most of the year. During the summer Making Tracks exhibition and during the Christmas Tree Festival a small charge for entry was made. This was not applied to any visitors who were in need, who would have been inhibited to come in if charged, or who simply wanted to pray and worship. The majority of visitors paid the entry fee willingly and footfall remained strong. This has raised a question for the Chapter about the principle of charging and whether entry fees can be applied at other times of the year or for permanent exhibitions. It is a question that needs to be resolved by the newly constituted Chapter in due course. There remains a strong desire for Chester Cathedral to normally be free to enter.

The Church

A historic medieval cathedral set in the midst of a touristic city is a very different place to most parish churches. The 'business' is a big feature but must never be seen as separate from the church's mission and ministry. Hospitality and access into sacred space is a huge responsibility borne here on behalf of the wider church. This could be the first church that most people may have entered for many years. It must not be the last.

Welcoming, supporting people in need or crisis and giving opportunity for prayer and worship is connected to everything we do. Those who worship here regularly have been learning this. So the doors are never tight-shut when worship takes place, visitors are welcome to come and go, to linger and snack. Technology has been our friend. The four large TV screens in the nave act as a guide for people and enable even the least familiar to be included and join in if they want. The Cathedral YouTube Channel has experienced a 100% growth in subscribers over the year, online Evensong audiences now normally number several hundred each day and Sunday morning audiences are as large as they were during lockdown. The online audiences and the casual visitors are groups that present new opportunities for the church looking forward.

Serving the Community

2022 was notable as the year in which the HM Queen Elizabeth celebrated her Platinum Jubilee and in which she passed from this world to eternity. The local community looked to their Cathedral as a focus for people of the city and county to both celebrate and mourn. Good planning, and dedicated staff enabled us to meet the expectations that fell on us and to make significant contributions to society. The installation of a beautiful new bronze and glass door at the west end of the Cathedral dedicated to the late Queen's seventy year long reign was completed in time for the Jubilee and now stands as a lasting memorial. This enables the old oak doors to be left open and provides a powerful visible sign in the city centre of Chester Cathedral's openness to all.

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Safeguarding

Ensuring that Chester Cathedral is a safe place for children and vulnerable adults remains a key leadership focus. Over the course of the year there has been a change of safeguarding personnel ensuring that we continue to achieve the high standards of vigilance, care, procedure, training, and reporting that have been developed. Over the course of the year the results of Past Cases Review Two were published. Chester Cathedral undertook this along with every other cathedral and diocese in England. There is some further casework and some lessons to be learned from the review and we are committed to following these through. Ensuring a good working relationship between the Diocese and Cathedral is the headline outcome. This relationship has already been transformed and good collaborative working practices are now well established.

A Lower Carbon Footprint

A new array of 206 solar panels on the south nave and south transept roofs was brought into commission in November. This now provides 20% of the Cathedral's electricity and is a significant step towards our intention of being carbon neutral by 2030. It also provides a windfall saving in energy costs given the current state of world energy prices. Other steps are being taken across the whole institution to improve our environmental performance. We have achieved the Eco-Church Bronze Award and hope to achieve silver in the near future.

Project Discovery

A great deal of time and energy has been given over the course of the past year to negotiations aimed at bringing the bank building on the Cathedral Estate's south west corner back into our own use. At present this building has the effect of blocking sight of the Cathedral from the main thoroughfare along Northgate Street. By bringing the bank back into our use, and clearly branding it as Chester Cathedral, we will significantly project the Cathedral into the cityscape and the consciousness of locals and visitors alike. The building will provide much needed flexible and high-quality space for provisions we need to make such as interpretation, box-office, reception, conferencing, gallery and exhibitions, office accommodation, education, F&B, etc. A Project Board has been established to ensure careful assessment and good planning of the numerous proposals on the table. By the time of publication, we fully expect that the Cathedral will have signed contracts with Cheshire West and Chester Council and with Barclays Bank to complete the deal.

Looking Ahead

The challenges of inflation and the Cathedral's commitment to be a Real Living Wage employer combine in a way that demands greater efficiency in the way we do things. The five-year strategic plan will be revised once the new Chapter is established, and the Cathedral Leadership Team is preparing proposals to improve our support and co-ordination of the volunteer teams as one of our strategic improvement initiatives. We remain grateful for this volunteer workforce that gives its time freely alongside the generosity of those who provide financial assistance through donations and grants.

2022 has been a year full of achievements which could not have happened without a dedicated and able staff team and group of supportive volunteers. Both the Cathedral and wider community are indebted to them. As a result of this work there is much to look forward to in 2023 as new Chapter members assume responsibility.

The Very Reverend Dr Tim Stratford
Dean and Chair of Chapter.

CHESTER CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial overview

We had expected a significant deficit in 2022 as our visitors and customers gradually returned to the cathedral but are pleased to report that income levels have increased overall at a faster pace, and we ended the year in a more favourable financial position than expected.

The benefits of this improvement were lessened by unprecedented increases in costs. These increases can be seen in the cost of materials, cost of sales and in cost of employment. In particular, utility costs have significantly increased leading to restrictions in the amount of time we are able to leave heating on in the main body of the Cathedral.

We made a small charge again this year for the summer exhibition, Making Tracks, and the Christmas Tree festival. This increased income per head and was well received by most of our visitors and generated around an extra £85,000 income during the year.

Event tickets sales and evening catering were boosted by a range of concerts which attracted new audiences to the cathedral. Not only does this benefit the cathedral financially but also introduces the cathedral to a wider demographic.

While tourism continues to increase, it still appears as a risk on our register because the number of overseas visitors has not yet returned to pre-pandemic levels. Some tour groups did return during the year and this number is expected to increase in the 2023 season.

Inflation appears as one of the biggest risks for 2023 and continued cost increases would challenge our ability to maintain current levels of activity.

The increasing need for security also features as a significant risk for 2023, with the introduction of new legislation and best practice leading to additional costs.

The cathedral estate continues to perform well with few tenancy changes in the year. An option to purchase, issued in 2018, was exercised in the year leading to a disposal figure in the accounts of £305,000. Further funds will be received by the cathedral if the property is re-sold but this cannot be provided for in the financial statements.

We were pleased to receive notice that the Church of England Pensions Board deficit on our defined benefit pension scheme has been fully recovered and so the remaining deficit shown in the accounts has been removed.

It is cathedral policy to hold sufficient cash reserves to cover salaries, utilities and borrowing costs for between six and twelve months, plus a sum of between £300,000 and £500,000 for regular and emergency maintenance works. Chester Cathedral will also hold cash reserves for the purpose of funding planned development work that is undertaken over more than one accounting year. This reserve is reinvested in the CCLA Church of England Investment portfolio. The capital value of our investments at the end of the year is disappointing but there are no plans to make changes in the short-term as we anticipate values will recover over the course of 2023.

Overall, it has been a positive year which has moved the cathedral closer to returning to a break-even annual budget.

CHESTER CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Structure, Governance and Management

The introduction of the revised Cathedrals Measure 2021 has led to the cathedral beginning the process of formal charity registration. By the end of 2022 the cathedral has undertaken its public consultation and expects to finalise the registration process by the middle of 2023.

In preparation for this, a recruitment and induction programme is being developed to ensure the smooth transition to new trustees.

At the year-end date the cathedral remains an ecclesiastical corporation established for charitable purposes and copies of the constitution and statutes, dated 2016, can still be found on the cathedral website. From 1st February 2023 the cathedral adopts its revised constitution and statutes which is also available on the cathedral website.

Chapter

At the year-end date, under the existing constitution and statutes, 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; and
- Safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chapter meet at least six times each year and meetings are attended by the Senior Leadership Team and any other member of staff, office holder or volunteer, as necessary. Sub-committees of Chapter report to Chapter meetings.

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

CHESTER CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

Public Benefit

The charitable objects of the Cathedral Chapter are:

- to advance the Christian religion in accordance with the faith and practice of the Church of England, in particular by furthering the mission of the Church of England;
- to care for and conserve the fabric and structure of the cathedral church building;
- to advance any other charitable purposes which are ancillary to the furtherance of the purpose referred to above.

Chester Cathedral seeks to extend its public benefit by making no charge to enter (except for organised groups and for specific exhibitions) and by providing freely accessible space for private prayer and Christian worship in-situ and online that is open to all. The Cathedral maintains its fabric through trading as ethically and sustainably as it can and by requesting donations. We seek to be an asset to the local community and City of Chester through the maintenance, interpretation and opening up of our physical and spiritual heritage as well as by enabling the Cathedral facilities to be used to meet need in the community. Chester Cathedral supports the endeavours of other charities, local and abroad, by raising funds, making donations and offering expertise.

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Members of the Cathedral Chapter:

The Dean

– The Very Reverend Dr Tim Stratford

The Vice Dean Canon Missioner

– The Reverend Canon Jane Brooke

The Canon Precentor (to 9th February 2023)

– The Reverend Canon Jeremy Dussek

The Canon Diocesan

– The Reverend Canon Sarah Fenby

Lay persons elected by the Cathedral Forum (to 1st February 2023)

– 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 (to 1st February 2023)

– The Venerable Dr Michael Gilbertson

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 15 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 Mr Simon Parrington
Two members of the College of Canons -	Vacant The Reverend Canon Alison Cox
Two lay people elected by the Forum -	Mrs Patricia Farraday Mr Mark Brown
A lay person representing the employees -	Mr Jon Turley
A Rural Dean from the Diocese appointed by the Bishop	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 -	Revd Charlotte Truman
A person appointed by the Bishop after consultation with CWaC -	Councillor Robert Ian Bisset
A person appointed by the Council of the Friends of Chester Cathedral -	Mr Barry Ingram

Under the new constitution and statutes, from 1st February 2023, the Cathedral Council ceases to exist in its current form. It is expected that it will continue to exist as an advisory group but will no longer form part of the formal governance structure.

CHESTER CATHEDRAL
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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 College of Canons and meet at least once each year.

Under the revised constitution and statutes, the College of Canons will remain but will cease to be a part of the formal governance structure.

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.

Under the revised Cathedrals Measure, this roll will cease to exist and will be replaced with two new community rolls, the first is open to all those who are over sixteen years of age, are members of the Church of England and have worshipped habitually at the cathedral for more than six months. The second roll is open to members of the Cathedral community not eligible to join the first roll.

The Finance and Investment Committee

In accordance with the existing and revised constitution and statutes, the Finance Committee advises the Chapter in connection with its responsibilities in the field of financial and investment management and the management of property and assets belonging to the Cathedral. The year-end membership is made up of:

- Dr Martin Smith (Chair)
- Mr Mark Mitchell
- Mr Thomas David Briggs, CVO, MBE, KStJ
- The Venerable Michael Gilbertson

The Audit and Risk Committee

The Audit and Risk Committee was re-formed in preparation for the implementation of our revised constitution and statutes in early 2023 and is chaired by Mr Annesley Wright and included Mr Simon Parrington as a member of Chapter. The membership is expected to grow during 2023, following formation of the Nominations and Development Committee.

Nominations Committee

Mrs Jo Sykes has been appointed as the Chair of the new Nominations Committee. Further appointments will be made in early 2023.

Mission Committee

The Mission Committee, Chaired by Mr Simon Parrington has been formed in preparation for the implementation of the new constitution and statutes in early 2023.

CHESTER CATHEDRAL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 regarding proposed development of, and changes to, the Cathedrals fabric. The committee meets quarterly with Canon Dr Frances Hulbert as the Chair.

Chester Cathedral Enterprises Limited

The commercial activities carried out within the Cathedral are governed by Chester Cathedral Enterprises Limited. The Board of Directors meets regularly throughout the year.

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 with Mr David Briggs, CVO, MBE, LStJ as the Chair.

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 with the Reverend Canon Jane Brooke as the Chair.

The Chester Cathedral Music Trust

The Music Trust was established to support the musical activity of the Cathedral. The trustees meet at least once each year with The Dean as the Chair.

Statutory Post Holders and Senior Staff

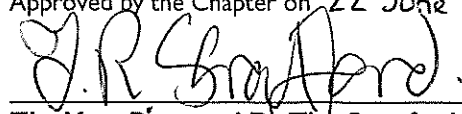
Executive Director	Carolyn Bruce
Commercial Director	Jon Turley
Communications Director	Kevin Baxter
Cathedral Safeguarding Officer	Sharon Scarlett
Director of Music	Philip Rushforth
Estate management	Neil Tunks, DNS Surveyors Limited
Architect	Tony Barton, Donald Insall Associates
Archaeologist	Simon Ward
Auditor	Haysmacintyre LLP
Bankers	NatWest Bank, Chester

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.

Approved by the Chapter on 22 June

2023 and signed as authorised on their behalf by:



The Very Reverend Dr Tim Stratford – Dean of Chester

CHESTER CATHEDRAL

**STATEMENT OF CHAPTER'S RESPONSIBILITIES IN RELATION TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The 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 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 these regulations or describing which regulations 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.

22 June

Approved by the Chapter on 22 June 2023 and signed as authorised on their behalf by:



The Very Reverend Dr Tim Stratford – Dean of Chester

CHESTER CATHEDRAL

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Chester Cathedral for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Cathedral Balance Sheet, the Consolidated Cash Flow statement 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 Cathedral and the group's affairs as at 31 December 2022 and their net movement in funds 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 financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chapter's 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 cathedral's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

CHESTER CATHEDRAL

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- sufficient accounting records have not been kept by the Cathedral or group;
- the Cathedral and group's 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 the members of Chapter

As explained more fully in the Chapter Responsibilities statement set out on page 6, the Chapter is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chapter determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

CHESTER CATHEDRAL

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Auditor's responsibilities for the audit of the financial statements

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

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:

Based on our understanding of the group and its circumstances, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of the Cathedrals Measure 1999, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management bias in accounting estimates and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimate

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

CHESTER CATHEDRAL

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CATHEDRAL CHAPTER
OF CHESTER**

FOR THE YEAR ENDED 31 DECEMBER 2022

Use of our report

This report is made solely to the Chapter, as a body. 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 the Cathedral and the Cathedral Chapter as a body, for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 31 July 2023

CHESTER CATHEDRAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted 2022 £	Restricted 2022 £	Endowed 2022 £	TOTAL 2022 £	TOTAL 2021 £
Income and endowments from:						
Donations, grants and legacies	2	1,522,956	234,316	-	1,757,272	2,110,330
Other trading activities	3	1,385,609	-	-	1,385,609	700,679
Investments	4	-	1,796	934,507	936,303	852,458
Other income	5	459	-	-	459	8,955
Transfer to income		-	-	-	-	-
Total:		2,909,024	236,112	934,507	4,079,643	3,672,422
Expenditure on:						
Raising funds	7	1,214,732	241	956,834	2,171,807	1,386,251
Ministry	8	537,733	160,472	-	698,205	447,086
Music	9	345,952	24,612	-	370,564	347,459
Cathedral and precincts upkeep	10	1,085,664	48,746	-	1,134,410	972,427
Education and outreach	11	46,950	6,481	-	53,431	58,632
Other expenditure	12	-	716	-	716	(43,167)
Total:		3,231,031	241,268	956,834	4,429,133	3,168,688
Net income before gains/(losses)		(322,008)	(5,155)	(22,327)	(349,490)	503,734
Net gains on listed investments	16	-	(31,971)	(114,882)	(146,853)	223,566
Unrealised Pension Gain/(loss)	21	150,609			150,609	-
Net gains on investment property	15	-	-	1,822,631	1,822,631	1,670,774
Net income		(171,399)	(37,126)	1,685,422	1,476,897	2,398,074
Transfers between funds		-	-	-	-	-
Net Movement in funds		(171,399)	(37,126)	1,685,422	1,476,897	2,285,360
Funds brought forward		1,321,520	499,737	17,734,253	19,555,510	17,157,436
Funds carried forward		1,150,121	462,611	19,419,675	21,032,407	19,555,510

The accompanying notes form part of the financial statements.

CHESTER CATHEDRAL
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	2,181,414	2,216,464
Investment properties	15	18,042,952	16,925,321
Other investments	16	1,158,391	1,305,244
Total fixed assets		<u>21,382,757</u>	<u>20,447,029</u>
Current assets			
Stocks		61,278	65,447
Debtors	17	224,688	399,675
Bank and cash		1,016,121	674,491
Total current assets		<u>1,302,087</u>	<u>1,139,613</u>
Creditors: amounts falling due within one year	18	(1,366,587)	(736,587)
Net current assets		(64,500)	403,026
Total assets less current liabilities		21,318,257	20,850,055
Creditors: amounts falling due after one year	19	(285,850)	(1,294,545)
Total net assets		<u>21,032,407</u>	<u>19,555,510</u>
The funds of the cathedral			
Endowment funds	23	19,419,675	17,734,253
Restricted funds	22	462,611	499,737
Unrestricted funds		1,150,121	1,321,520
Total net assets		<u>21,032,407</u>	<u>19,555,510</u>

The accompanying notes form part of the financial statements.

Approved and authorised for issue by the Chapter on 22 June 2023 and signed on its behalf by:

The Very Reverend Dr Tim Stratford - Dean of Chester

T. R. Stratford

CHESTER CATHEDRAL

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	14	2,111,372	2,127,457
Investment properties	15	18,042,952	16,925,321
Other investments	16	861,137	976,019
Total fixed assets		<u>21,015,461</u>	<u>20,028,797</u>
Current assets			
Stocks		-	-
Debtors	17	456,942	575,366
Bank and cash		709,623	613,092
Total current assets		<u>1,166,565</u>	<u>1,188,458</u>
Creditors: amounts falling due within one year	18	(1,298,258)	(670,923)
Net current assets		(131,693)	517,535
Total assets less current liabilities		20,883,768	20,546,332
Creditors: amounts falling due after one year	19	(285,850)	(1,289,516)
Total net assets		<u>20,597,918</u>	<u>19,256,816</u>
The funds of the cathedral			
Endowment funds	23	19,419,675	17,734,253
Restricted funds	22	29,096	141,880
Unrestricted funds		1,149,147	1,380,683
Total net assets		<u>20,597,918</u>	<u>19,256,816</u>

The accompanying notes form part of the financial statements.

Approved and authorised for issue by the Chapter on 22 June 2023 and signed on its behalf by:

The Very Reverend Dr Tim Stratford - Dean of Chester



CHESTER CATHEDRAL
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	Total	Total
	£	£
Cash flows from operating activities (note A)		
Net cash used in operating activities	(1,196,854)	(406,972)
Cash flows from investing activities		
Purchase of tangible fixed assets	0	(4,839)
Purchase of investments	0	0
Proceeds from disposal of investments	705,000	0
Investment income	936,303	852,458
Net cash provided by investing activities	<u>444,449</u>	<u>440,647</u>
Movement of bank loans	(102,819)	(103,314)
Net cash (used in)/provided by financing activities	<u>(102,819)</u>	<u>(103,314)</u>
Change in cash and cash equivalents in the year	341,630	337,333
Cash and cash equivalents at the beginning of the year	674,491	337,158
Cash and cash equivalents at the end of the year	<u>1,016,121</u>	<u>674,491</u>
Note A		
Reconciliation of net income to net cash outflow from operating activities	2022	2021
	Total	Total
	£	£
Net income as per the Statement of Financial Activities	1,476,896	2,398,074
Gains on investment property	(1,822,632)	-
Investment income	(936,303)	(852,458)
Gain on investments	146,854	(1,894,340)
Depreciation charges	35,051	39,268
(Increase)/decrease stock	4,169	57,337
(Increase)/decrease in debtors	174,987	(229,251)
Increase/(decrease) in creditors	(275,876)	74,398
Net cash (outflow) from operations	<u>(1,196,854)</u>	<u>(406,972)</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 the lower of CPI/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 lower of the change in the CPI or RPI rate each year.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the Chapter believe that no material uncertainties exist in connection with the Cathedral's ability to operate for the foreseeable future. The Chapter has considered the level of funds held and the expected level of income for twelve months from authorising these financial statements.

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.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

1.4 Income

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.

1.5 Expenditure

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

Investment property is held at fair value. The valuation is considered annually and any gain or loss arising from revaluation is reflected in the Statement of Financial Activities.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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 2022

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
2 Donations and legacies					
Donations & Gifts	458,017	137,911	-	595,928	373,150
Legacies	-	-	-	-	179,690
Grants					
Church Commissioners	170,264	71,350	-	241,614	279,897
HMRC scheme	-	-	-	-	67,946
Cultural Recovery Fund	-	-	-	-	863,672
All Churches Trust	-	-	-	-	25,000
Chester West & Chester Rates	-	-	-	-	18,407
Blue Orchid	-	-	-	-	6,504
Other grants	-	-	-	-	-
- Education	-	3,735	-	3,735	13,889
- Worship	206,385	-	-	206,385	18,219
- Music	750	-	-	750	31,676
- Capital grants	687,540	21,320	-	708,860	232,280
Total	1,522,956	234,316	-	1,757,272	2,110,330

Capital Grants includes projects such as the new Pilgrim Porch, Abbey Gateway renovation and other funded maintenance work. The Church Commissioner Grants include grants towards Canon stipends

Donations and Gifts" includes worship service offerings, congregational income and visitor donations

Church commissioners income covers grants relating to stipends along with other items such as grants for energy costs.

3 Other trading activities

Fundraising events	1,385,609			1,385,609	700,679
Total	1,385,609			1,385,609	700,679

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
4 Investment income					
Income from investment property	-	-	907,103	907,103	824,205
Income from other investments	-	1,796	27,404	29,200	28,253
Total	<u>-</u>	<u>1,796</u>	<u>934,507</u>	<u>936,303</u>	<u>852,458</u>
5 Other income					
Insurance claims	459			459	8,955
Total	<u>459</u>			<u>459</u>	<u>8,955</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Staff costs and employee information

	2022	2021
	£	£
<i>Salaries and stipends and related costs</i>		
Wages, salaries	1,379,553	1,050,511
Social security	110,925	80,899
Pension	87,349	111,559
	<u>1,577,827</u>	<u>1,242,969</u>

The average monthly number of staff during the year was:

	2022	2021
	Number	Number
Clergy - costs borne by the Church		
Commissioners	3	3
Full time employees	35	32
Part time employees	34	23
	<u>72</u>	<u>58</u>

The average full time equivalent staff was 57 (2021: 49)

The above costs include the remuneration of the Dean and Residentiary Canons which is disclosed in the table below.

These costs are borne by the Church Commissions and an equal amount of income is recognised in the financial statements.

No employees were paid more than £60,000 in 2022.

	Stipend/ salary	Apprentice -ship levy	Social security	Pension contributions	Total
	2022	2022	2022	2022	2022
	£	£	£	£	£
Dean (The Very Reverend Dr Tim Stratford)	37,955	171	3,700	11,677	53,503
Vice Dean and Canon Missioner (The Reverend Jane Brooke)	28,308	142	2,801	9,342	40,593
Canon Precentor (The Reverend Jeremy Dussek)	28,308	129	2,420	9,342	40,199
	<u>94,571</u>	<u>442</u>	<u>8,921</u>	<u>30,361</u>	<u>134,295</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Staff costs and employee information (continued)

	Stipend/ salary 2021 £	Apprentice -ship levy 2021 £	Social security 2021 £	Pension contributions 2021 £	Total 2021 £
Dean (The Very Reverend Dr Tim Stratford)	37,670	172	3,537	12,539	53,918
Vice Dean and Canon Missioner (The Reverend Jane Brooke)	27,890	140	2,630	10,031	40,691
Canon Precentor (The Reverend Jeremy Dussek)	27,890	133	2,442	10,031	40,496
	<u>93,450</u>	<u>445</u>	<u>8,609</u>	<u>32,601</u>	<u>135,105</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £	2021 Total Funds £
7. Raising funds					
Fundraising and publicity - staff	360,359	-	-	360,359	300,255
Trading costs - other trading activities	854,201	-	-	854,201	516,567
Investment management ¹	-	241	912,950	913,191	531,140
Financing costs	-	-	43,884	43,884	38,289
Support Costs	172	-	-	172	-
Total	1,214,732	241	956,834	2,171,807	1,386,251

Investment management includes grant funded refurbishment of investment properties.

8. Ministry

Staff costs ²	150,555	-	-	150,555	83,660
Clergy stipends and working expenses	-	134,295	-	134,295	138,285
Clergy housing costs	22,286	-	-	22,286	7,107
Clergy support costs	6,184	-	-	6,184	15,411
Rates, utilities and water	20,064	-	-	20,064	19,223
General expenses ³	196,649	1,002	-	197,651	21,152
Support Costs	141,995	25,175	-	167,170	162,248
Total	537,733	160,472	-	698,205	447,086

9. Music

Staff costs ²	164,015	100	-	164,115	127,249
Direct Music expenses	55,625	-	-	55,625	42,642
Recitalist fees	8,606	-	-	8,606	1,394
Maintenance	12,042	-	-	12,042	46,860
General expenses	10,978	7,726	-	18,704	21,124
Support costs	94,686	16,786	-	111,472	108,190
Total	345,952	24,612	-	370,564	347,459

¹ This figure contains maintenance costs of the endowed estate including externally funded capital works.

² This figure includes additional new posts funded by external grants.

³ This figure includes £167,000 of externally funded ministry projects in 2022.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £	2021 Total Funds £
10. Cathedral and precincts upkeep					
Staff costs	245,373	3,000	-	248,373	198,837
Refuse & recycling	14,313	-	-	14,313	14,733
Insurance	72,590	-	-	72,590	70,101
Rates, utilities and water	95,667	-	-	95,667	69,629
Maintenance and interior upkeep	422,013	-	-	422,013	364,612
Irrecoverable VAT	65,108	-	-	65,108	43,269
General expenses	45,178	23,511	-	68,689	67,938
Support costs	125,422	22,235	-	147,657	143,308
Total	<u>1,085,664</u>	<u>48,746</u>	<u>-</u>	<u>1,134,410</u>	<u>972,427</u>
11. Education and outreach					
Staff costs	31,713	-	-	31,713	30,806
Maintenance	-	-	-	-	-
General expenses	1,316	4,013	-	5,329	11,920
Support costs	13,921	2,468	-	16,389	15,906
Total	<u>46,950</u>	<u>6,481</u>	<u>-</u>	<u>53,431</u>	<u>58,632</u>
12. Other expenditure					
Pension deficit (decrease) /increase	-	-	-	-	(43,563)
Other	-	716	-	716	396
Total	<u>-</u>	<u>716</u>	<u>-</u>	<u>716</u>	<u>(43,167)</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

13. Analysis of support costs including governance	2022	2021
	£	£
<i>Support Costs</i>		
Staff costs	256,141	222,445
Depreciation	16,085	16,085
Postage and stationery	10,726	12,677
Office equipment	4,121	4,121
Legal and professional	10,359	7,799
Bank charges	7,896	9,151
IT & IT projects	89,913	126,956
General expenses	24,954	14,165
<i>Governance costs</i>		
Audit fees	8,743	11,609
Chapter Expenses	13,750	4,644
	<u>442,688</u>	<u>429,652</u>
 <i>Allocated as follows:</i>		
	£	£
Ministry	167,170	162,248
Music	111,472	108,190
Cathedral and precincts upkeep	147,657	143,308
Education and Outreach	16,389	15,906
	<u>442,688</u>	<u>429,652</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible Fixed Assets Group

	Freehold land & Buildings	Plant and equipment	Fixtures & Fittings	IT Equipment	Total
Cost of Valuation					
At 1 January 2022	2,045,143	226,640	338,473	2,961	2,613,217
Additions					
Revaluation					
At 31 December 2022	<u><u>2,045,143</u></u>	<u><u>226,640</u></u>	<u><u>338,473</u></u>	<u><u>2,961</u></u>	<u><u>2,613,217</u></u>
Depreciation					
At 1 January 2022	-	137,633	256,159	2,961	396,753
Charge	-	18,966	16,085		35,051
At 31 December 2022	<u><u>-</u></u>	<u><u>156,599</u></u>	<u><u>272,244</u></u>	<u><u>2,961</u></u>	<u><u>431,804</u></u>
Net Book Value at 31 December 2022	2,045,143	70,041	66,229	-	2,181,413
Net Book Value at 31 December 2021	2,045,143	89,007	82,314	-	2,216,464

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

**14. Tangible Fixed Assets
Cathedral Only**

	Freehold land & Buildings	Fixtures & Fittings	IT Equipment	Total
Cost of Valuation				
At 1 January 2022	2,045,143	338,473	2,961	2,386,577
Additions				
Revaluation				
At 31 December 2022	<u>2,045,143</u>	<u>338,473</u>	<u>2,961</u>	<u>2,386,577</u>
Depreciation				
At 1 January 2022	-	256,159	2,961	259,120
Charge	-	16,085		16,085
At 31 December 2022	<u>-</u>	<u>272,244</u>	<u>2,961</u>	<u>275,205</u>
Net Book Value at 31 December 2022	2,045,143	66,229	-	2,111,372
Net Book Value at 31 December 2021	2,045,143	82,314	-	2,127,457

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

**15. Investment property
Group and Cathedral**

Fair value	£
At 1 January 2022	16,925,321
Disposals	(705,000)
Revaluation	1,822,631
	<hr/>
At 31 December 2022	18,042,952

Investment properties are held at fair value which is assessed annually by the Chapter. A revaluation exercise was undertaken as at 31st December 2022 and an increase in the valuation has been reflected in the financial statements as shown above. The historic cost of the properties is not known.

16. Other fixed asset investments

Group

	Listed investments	Other investments	Total
Cost or valuation	£	£	£
At 1 January 2022	1,305,244	-	1,305,244
Additions	-	-	-
Disposals	-	-	-
Revaluation	(146,853)	-	(146,853)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	<u>1,158,391</u>	<u>-</u>	<u>1,158,391</u>

Cathedral only

	Listed investments	Other investments	Total
Cost or valuation	£	£	£
At 1 January 2021	975,919	100	976,019
Additions	-	-	-
Disposals	-	-	-
Revaluation	(114,882)	-	(114,882)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	<u>861,037</u>	<u>100</u>	<u>861,137</u>

CHESTER CATHEDRAL**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

17.	Debtors: amount falling due within one year	2022 £	2021 £
	Group		
	Trade debtors	197,473	270,804
	Chester Cathedral Enterprises	-	-
	Prepayments and accrued income	27,140	118,729
	Other debtor (VAT)	75	10,142
		<u>224,688</u>	<u>399,675</u>
	Cathedral only		
	Trade debtors	204,358	268,704
	Chester Cathedral Enterprises	226,082	174,236
	Prepayments and accrued income	26,427	122,284
	Other debtor (VAT)	75	10,142
		<u>456,942</u>	<u>575,366</u>
18	Creditors: amounts falling due within one year	2022	2021
	Group	£	£
	Banks loans	907,507	168,631
	Trade creditors	80,417	175,214
	Other taxation and social security	51,163	32,482
	Accruals and deferred income	265,375	282,287
	Pension deficit	-	25,000
	Other creditors	62,125	52,973
		<u>1,366,587</u>	<u>736,587</u>

These figures include two loans due to be renewed in 2023. The bank agreed their renewal in March 2023.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

18.	Creditors: amounts falling due within one year	2022	2021
	Cathedral only	£	£
	Banks loans	902,446	148,197
	Trade creditors	50,418	155,827
	Other taxation and social security	28,654	25,572
	Accruals and deferred income	265,375	282,287
	Pension deficit	-	25,000
	Other creditors	51,365	34,040
		<u>1,298,258</u>	<u>670,923</u>
19	Creditors: amounts falling due after one year	2022	2021
	Group and Cathedral only	£	£
	Bank loans	285,850	1,127,545
	Pension deficit	-	167,000
		<u>285,850</u>	<u>1,294,545</u>
20	Bank loans and overdraft	2022	2021
	Group	£	£
	Payable within one year	907,507	168,631
	Payable after one year	285,850	1,127,545
		<u>1,193,357</u>	<u>1,296,176</u>
	Cathedral only		
	Payable within one year	902,446	148,197
	Payable after one year	285,850	1,122,516
		<u>1,188,296</u>	<u>1,270,713</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 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.

CWPF has two sections:

1. the Defined Benefits Scheme
2. the Pension Builder Scheme, which has two subsections;
 - a. a deferred annuity section known as Pension Builder Classic, and,
 - b. 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. Payments made to the scheme in year were £41,392 (2021: £33,437) which includes contributions in respect of deficits arising in earlier years and administrative costs. The SoFA credit or charge arising from past deficits is shown in the table below.

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.

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Pension commitments (Continued)

A valuation of the DBS scheme is carried out once every three years. The most recent valuation as at December 2022 showed the scheme was in an overall surplus and thus no payments into the scheme will be made going forwards while this remains the case.

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:

	2022 £	2021 £
Balance sheet liability at 1 January	192,000	269,000
Unrealised gain on pension assets	(150,609)	-
Remaining change to the balance sheet liability* (recognised in SoFA)	-	(53,000)
Interest costs	-	1,000
Deficit contribution paid	(41,391)	(25,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	<u>-</u>	<u>192,000</u>

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.

Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
Evaluating managements' controls designed to prevent and detect irregularities; and
Identifying and testing journals, in particular journal entries posed with unusual account combinations, postings by unusual users or with unusual descriptions

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

22. Restricted funds

Cathedral only and group

	B/f	Income	Expenditure	Transfers	C/f
CAB Debt	2,138	-	-	-	2,138
Bellringers Fund	18,763	3,802	-	-	22,565
G McPhate Fund	4,757	-	(139)	-	4,618
Grand Organ Fund	22,041	26,501	(3,545)	-	44,997
Canon Chancellor Award Fund	4,002	-	(662)	-	3,340
Needlework Fund	4,255	-	-	-	4,255
Education from Mission	6,174	1,057	(536)	-	6,695
Music Soloists Fund	16,374	-	(4,281)	-	12,093
Vice Dean Fund	683	-	-	-	683
Hardship Fund 2020	1,100	-	-	-	1,100
Pain Share Grant 2019	1	-	-	-	1
Church Commissioners Grants	-	71,350	(208,040)	-	(136,690)
Stonemasons	21,326	-	-	-	21,326
All Churches	2,600	-	-	-	2,600
JB Diversity	414	1,461	(882)	-	993
Education Lunches project	898	3,735	(2,614)	-	2,019
Scientists in Congregation	8,215	-	(422)	-	7,793
AHF PVG Grant	3,943	19,860	(19,430)	-	4,373
Solar Panels	12,160	-	-	-	12,160
Nave Furniture	12,000	-	-	-	12,000
Other	36	-	-	-	36
Total: Cathedral Only	141,880	127,766	(240,551)	-	29,095
Subsidiary charities	357,857	108,347	(32,688)	-	433,516
Total group	499,737	236,113	(273,239)	-	462,611

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

22. Restricted funds

Prior year comparative - Cathedral only and group

	B/f	Income	Expenditure	Transfers	C/f
Baptistry grant	-	11,292	(11,292)	-	-
West Doors	30,000	56,329	(86,329)	-	-
CAB Debt	-	3,138	(1,000)	-	2,138
Chorister Friends Grant	-	11,676	(11,676)	-	-
Fundraiser Salary	-	36,900	(43,050)	6,150	-
Bellringers Fund	15,082	1,096	(245)	2,830	18,763
G McPhate Fund	5,157	-	(400)	-	4,757
Grand Organ Fund	26,015	3,619	(7,570)	(23)	22,041
Canon Chancellor Award Fund	4,095	-	(93)	-	4,002
Needlework Fund	4,235	20	-	-	4,255
Nave Platform Fund	16,666	-	(16,666)	-	-
Chamber Organ Fund	4,966	-	(4,966)	-	-
Education from Mission	9,208	1,085	(4,119)	-	6,174
Music Soloists Fund	18,269	-	(1,895)	-	16,374
Vice Dean Fund	500	600	(417)	-	683
Blue Orchid Marketing	-	6,504	(6,504)	-	-
Hardship Fund 2020	1,100	-	-	-	1,100
Pain Share Grant 2019	2,161	-	-	(2,160)	1
Church Commissioners Grants	-	242,997	(242,997)	-	-
Stone Masons	-	63,792	(42,466)	-	21,326
Transforming Live Together	-	15,619	(15,619)	-	-
Cultural Recovery Fund 21 (NLHF)	-	863,672	(562,673)	(300,999)	-
All Churches	-	2,600	-	-	2,600
JB Diversity	-	550	(136)	-	414
Cathedral Music Grant	-	20,000	(20,000)	-	-
Education Lunches project	-	2,566	(1,668)	-	898
Scientists in the Congregation	-	11,719	(3,504)	-	8,215
Abbey Gateway Grant	-	65,955	(82,444)	16,489	-
AllChurches Trust	-	25,000	(25,000)	-	-
Kickstart Grant	-	6,522	(6,522)	-	-
AHF PVG Grant	-	3,943	-	-	3,943
Solar Panels	-	10,000	-	2,160	12,160
Nave Furniture	-	12,000	-	-	12,000
Other	-	36	-	-	36
Total: Cathedral Only	137,454	1,479,230	(1,199,251)	(275,553)	141,880
Education from mission	(11,400)	-	-	11,400	-
Subsidiary charities	289,994	122,674	(412)	(54,399)	357,857
Total group	416,048	1,601,904	(1,199,663)	(318,552)	499,737

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

23. Endowment fund

	Clergy-Use property	Trust for investment	Unapplied total return	Total endowment
At 1 January 2022				
Gift component	2,045,143	2,423,937	-	4,469,080
Unapplied total return	-	-	13,265,173	13,265,173
	2,045,143	2,423,937	13,265,173	17,734,253
Movement in reporting period				
Investment return - net income	-	-	934,507	934,507
Investment return - net gains	-	-	1,707,749	1,707,749
Less investment management costs	-	-	(912,950)	(912,950)
Less: financing costs			(43,884)	(43,884)
CPI increase	-	254,819	(254,819)	-
	-	254,819	1,430,603	1,685,422
Unapplied total return allocated to income				-
Net movement in the period	-	254,819	1,430,603	1,685,422
At 31 December 2022				
Gift component	2,045,143	2,678,756	-	4,723,899
Unapplied total return	-	-	14,695,776	14,695,776
	2,045,143	2,678,756	14,695,776	19,419,675
Endowment represented by				
Tangible fixed assets				2,045,143
Investments				861,137
Investment property				18,042,952
Net current assets				(1,243,707)
Loans				(285,850)
				<u>19,419,675</u>

CHESTER CATHEDRAL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

24. Analysis of net asset between funds - Group

	Unrestricted funds 2022 £	Restricted fund 2022 £	Endowment funds 2022 £	Total 2022 £
Tangible fixed assets	136,271		2,045,143	2,181,414
Investment property			18,042,952	18,042,952
Investments		297,254	861,137	1,158,391
Net current assets	1,013,850	165,357	(1,243,707)	(64,500)
Long term liabilities	-		(285,850)	(285,850)
	<u>1,150,121</u>	<u>462,611</u>	<u>19,419,675</u>	<u>21,032,407</u>

	Unrestricted funds 2021 £	Restricted fund 2021 £	Endowment funds 2021 £	Total 2021 £
Tangible fixed assets	171,321		2,045,143	2,216,464
Investment property			16,925,321	16,925,321
Investments		329,225	976,019	1,305,244
Net current assets	1,322,228	170,512	(1,089,714)	403,026
Long term liabilities	(172,029)		(1,122,516)	(1,294,545)
	<u>1,321,520</u>	<u>499,737</u>	<u>17,734,253</u>	<u>19,555,510</u>

24. Analysis of net asset between funds – Cathedral Only

	Unrestricted funds 2022 £	Restricted fund 2022 £	Endowment funds 2022 £	Total 2022 £
Tangible fixed assets	66,229		2,045,143	2,111,372
Investment property			18,042,952	18,042,952
Investments			861,137	861,137
Net current assets	1,031,073	29,096	(1,243,707)	(183,538)
Long term liabilities	-		(285,850)	(285,850)
	<u>1,097,302</u>	<u>29,096</u>	<u>19,419,675</u>	<u>20,546,073</u>

	Unrestricted funds 2021 £	Restricted fund 2021 £	Endowment funds 2021 £	Total 2021 £
Tangible fixed assets	82,314	-	2,045,143	2,127,457
Investment property	-	-	16,925,321	16,925,321
Investments	-	-	976,019	976,019
Net current assets	1,465,369	141,880	(1,089,714)	517,535
Long term liabilities	(167,000)	-	(1,122,516)	(1,289,516)
	<u>1,380,683</u>	<u>141,880</u>	<u>17,734,253</u>	<u>19,256,816</u>

25. Subsidiary company

The Cathedral owns 100% of the share capital of Chester Cathedral Enterprises Limited, a company registered in England (registered company number 01382905).

The Cathedral controls three charitable trusts which are wholly for the benefit of the Cathedral: The Chester Cathedral Education Trust (registered charity number 1147915), The Chester Cathedral Development Trust (registered charity number 257123) and the Chester Cathedral Music Trust (registered charity number 115457).

26. Related party transactions

Three members of Chapter receive stipend within the Church of England structure. Details are provided in note 6.

The Dean's spouse was employed as an Educational Officer within the Cathedral.

