



Annual Report and Financial Statements 2022

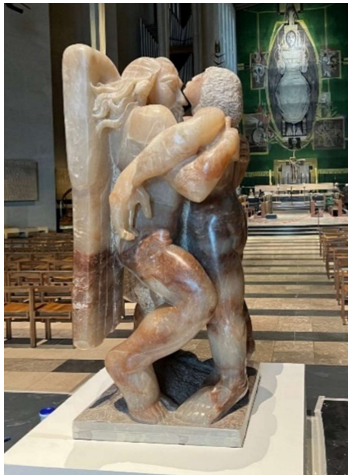
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Report to the Dean and Chapter

DEAN'S INTRODUCTION

Coventry Cathedral exists to reconcile people to God and each other

It's a pleasure to introduce this annual report to you, for the year of our Diamond Jubilee in the new Cathedral. I have had the sometimes demanding pleasure of being Dean here now for ten years, and through those years have been fortunate to work alongside many extraordinary people, and this report is as usual a way of marking their immense contribution. In particular, I would like to open this report by paying tribute to our Chief Operating Officer, Isabel Merrifield, who has been instrumental in our achieving the position of creative sustainability that we have enjoyed through the years of Covid, and put us in a strong position to move forward with our new Chapter, which I return to below.



It has been interesting to revisit last year's report, written whilst still in the midst of Coventry's somewhat delayed year as City of Culture, and in what we hoped would be the tail end of the Covid pandemic. The Cathedral's Arts and Events programme through the first half of the year benefitted from significant input from the wider city context, including especially the 'Rebuild' programme incorporating Ghosts in the Ruins, the re-imagined War Requiem composed by Nitin Sawhney and conducted by Rachel Mahon, our Director of Music and including the Cathedral choir. Rebuild also encompassed two other wonderful projects led by the Cathedral team: 'Broken Angel' has seen three national artists respond creatively to the shattered angel in the Hutton West Screen; and 'Stories in Stone' brought several outstanding Jacob Epstein Sculptures into the Nave and Lady Chapel, provoking reflection and conversation. We are very grateful to Mike Tooby and Sarah Shalgosky for their immense help in bringing these exhibitions to fruition. The ongoing development of the arts

programme as a way of expressing the Cathedral's core mission of reconciliation has been significantly strengthened through the welcome arrival of Mary Gregory as our Canon for Arts and Reconciliation, the first such role in the Church of England (or indeed anywhere!) in March. This has been amply demonstrated not only through Rebuild, but also through the Stitched with Love quilts (sharing the experience of refugees), the Peacemaker's Loom (the largest knitting Nancy you've ever seen!) and Spectrum, developed with our local LGBTQI+ community. Mary has already made a great contribution to the cathedral, including launching Wonder, the new congregation for those exploring spirituality through the arts. We also welcomed Molly Hale and Giulia Buseti into the arts team, working with Asha and Georgia.



Our Diamond Jubilee gave an opportunity for our music department to shine, and we enjoyed some new commissions and compositions. We have very much enjoyed the offering of Compline in different parts of the building this year, tying in with our liturgical seasons and exhibition programme. We rejoiced in the arrival of Alfred, son to Rachel and Oliver, in August, and have been very grateful for Luke Fitzgerald's stepping ably up as Acting Director of Music, supported by Liam Condon as acting Deputy director, both of whom (along with Eben Eyres our organ scholar) have done an outstanding job, bringing depth and creativity to our music. Luke's Dona Nobis Pacem was premiered at Evensong for Remembrance Sunday

Report to the Dean and Chapter

The Diamond Jubilee saw a wonderful celebration of the Cathedral in worship and community, with its central service a glorious offering led for us by the Bishop of Coventry with Archbishop Justin Welby returning to his roots in Coventry, 200 school children bringing their life and energy and so many Diocesan clergy, all put together by Kathryn Fleming, fulfilling her role as Canon for Worship and Community. The service included Matthew Martin's new Coventry Mass. We were delighted that the Archbishop formally opened the Sir John Laing Centre, in the presence of several representatives of the Laing Family Trust, whose generous gift of £1.5m towards our Diamond Jubilee endowment fund on top of their gift towards construction costs will help secure the forward ministry of this place. We are grateful to our other funders including Arts Council England, Coventry & Warwickshire Local Enterprise Partnership, Coventry City Council, the Garfield Weston Foundation, the Wolfson Foundation, Allchurches (now Benefact) Trust, The Eveson Charitable Trust, The John Armitage Charitable Trust, The Eranda Rothschild Foundation, The Friends of Coventry Cathedral, The Jerusalem Trust, the Barbara Whatmore Trust and the Worshipful Company of Glaziers.



The John Laing Centre is being used extensively, not least by our Schools Team – whose leader, Emma Griffiths, was made an Honorary Canon this year by the Bishop of Coventry. We are so grateful to Emma and her team, including their new team member, Graham Senior, for bringing the Cathedral reconciliation story alive to new generations. Also honored by the Bishop was our Associate Minister Sacha Slavic, chaplain to Bablake and King Henry's. And in July we celebrated with Su McClellan, our Cathedral Curate, as she was ordained priest.

In the midst of all this, our fabulous welcome team, led by Carla have continued to welcome an increasing number of tourists, a total of over 98000 over the year. We have seen the benefits from our updated and refitted retail area this year. We won silver in the West Midlands Tourism awards in 2022 and later in the year, were awarded a special award for welcome by Visit England.

None of this would have been possible without our Property team. We have had a number of transitions in management this year, but the core maintenance and cleaning teams continue to serve us so well. We were sorry during 2022 that Kelley Christ, our Cathedral Architect decided to move on. Kelley's design for



the new building was truly marvelous and she has left an indelible mark on our Cathedral and supported its ongoing life. We have very much enjoyed work with Kelley, but look forward to working with Mandy Lorenz our new architect from early 2023.

Inevitably we have lost some who are dear to us during the year, including Mavis Weitzel and Margaret Skelton, foundational members in the new Cathedral community. In September we shared in the nation and city's mourning the loss of her late majesty Queen Elizabeth II, and welcomed over 10,000 people to the cathedral for beautiful services of thanksgiving, and to lay flowers, light candles and sign the book of condolence.

Report to the Dean and Chapter

Our national and international ministry continues to grow, through the Community of the Cross of Nails and International Cross of Nails Schools – with four new CCN centres and five new ICONS schools joining during the year. The hoped for Diamond Jubilee international CCN gathering was held back for a year because of Covid, and we look forward to our pilgrims in May 2023. Locally, we participated fully in the design and delivery of the Faith activities of the City of Culture, and were delighted to host an Iftar in the Ruins of the old Cathedral during Ramadan. I visited Kiel, our first true international partner, in December and was warmly welcomed by the City President, who was keen to share in the spirit of Christmas!



Looking forward into 2023, we are aiming to consolidate and build on the impact of the City of Culture, and continue to rebuild (especially worship) after Covid. We will also be working hard to raise funds in preparation for our major organ restoration work. We have started planning this with an initial timeframe of early 2025. We need to raise £2m to achieve this huge project.

We are so grateful to all those who have helped us achieve another successful year and prepare for the future – including our partners in the diocese, whose generous grant to the Cathedral of £150,000 makes so much difference to our mission and sustainability. To further support this we have recruited two more great additions to our team – Mandy Spraggett to lead on fundraising and Jackie Skipp as our Volunteer Co-ordinator. The Cathedral's ministry benefits from the contributions in time, skills, and money from so many people, from our Sunday services to our governance, and all stations between – and not forgetting the Friends of the Cathedral. A huge thanks to all of you.

I have already mentioned Isabel, who has indicated that she will be leaving us in the course of 2023. She will leave us in a far stronger place than when she arrived, not least through the preparation she has done for our transition to a new governance structure, and charitable status which is expected to take place this Spring. We are immensely thankful for all that Isabel has brought and look forward to marking that properly at the appropriate time.



The Very Reverend John Witcombe
Dean of Coventry, 6 April 2023

Report to the Dean and Chapter

RESOURCE & FINANCIAL REVIEW

The Cathedral cannot deliver its purpose without having sufficient resources - people and money - to achieve them. We are blessed by the dedication and commitment of our staff team, newcomers and more long-standing, full and part time. We have long benefitted from the support of our volunteer team and last year was no different, we have continued in the last year to benefit from the skills of some tremendous people.

During 2022 we experienced some resource challenges and changes. We were grateful for Craig Glasper joining us as an interim whilst our Chief Operating Officer was undergoing some medical treatment. Craig made a valuable contribution whilst he was with us. We were also excited by the arrival of Mary Gregory as our brand-new Canon for Arts & Reconciliation. However, in the work areas of Property Management and liturgical assistance, we struggled to hold on to individuals and this has led us to rethink these roles as we look forward into 2023. We were very sorry to say goodbye to our Director of Finance (Julie Bellamy) who is a shared appointment with the Diocese. However, we were pleased to work with Steve Lee who has been with us for over half the year and is securing the benefits of the new financial system as part of his work.

We started 2022 in the midst of exciting City of Culture events, including our own Rebuild programme in full swing. There were however some hangovers from the end of 2021 when COVID had again struck and school visit numbers were down.

It is satisfying to note that in spite of some challenging circumstances and unexpected events, we managed to hold our basic operating deficit to a relatively low level in 2022. We ended 2021 with a surplus and used this to fund certain one-off items of expenditure in 2022. However, this cost is included in the deficit reported below.

In July, the Pavilion Annexe asset was brought in to use. This project was initially funded through restricted grants, however the asset was transferred to the unrestricted fund when it was brought in to use (see note 25). The operating position for 2022 includes £64k of unrestricted depreciation, £45k of which relates to this asset. Whilst the project was initially funded through the Making Space for Hope fund, further funding of £153k was contributed directly by the Cathedral from unrestricted reserves.

	2022	2021
	£000	£000s
Operating position at year end ¹	(135)	238
Increase / (Decrease) in free reserves ²	(269)	263

During 2022 we were very grateful for the ongoing financial support of congregation and wider donors. We have invested in additional contactless donation points and have benefited as a result of that. The return of more normal tourism and events activity further assisted our financial position. The achievement of the ACE grant for our Rebuild programme of £125k was particularly helpful. Unfortunately fundraising for the tower and spire repairs slowed and when the actual cost estimates arrived, they were above our current secured funding. Fundraising for this activity will have to continue. The sale of prints of John Piper's paintings of the Ruins in 1940 continued and we were excited to partner again with the Goldmark Gallery on the restoration of the Sutherland cartoon and the sale of prints of that. for their ongoing partnership.

¹ Operating position is the net incoming/(outgoing) resources before investment gains from unrestricted funds (all from the General Fund) as disclosed in the Statement of Financial Activities on page 13 (and for 2021 on page 32).

²See note 26 on page 30.

Report to the Dean and Chapter

Special thanks must go at this point our Finance Committee who has continued to meet remotely during the year. The input from our Chair, David Johnston along with his colleagues Michele Faull and Rachael Sugars has been much appreciated.

As we look forward to the rest of 2023, we are entering a period of consolidation following on from the pandemic, the activity of City of Culture and the significant building work. We are also looking forward to becoming a registered charity and have made good progress already in our legal work, statutory consultation, policy drafting and recruitment to our new Chapter. The new Chapter will be developing a new 5 – year strategic plan during the course of 2023.

Relying on the support of our superb staff and volunteer team, as well as our partners across the City, Diocese and County, we look forward to a successful year in 2023.

Investments

The investment policy is that, with respect to the amounts available for investment, the Cathedral's investment objectives are to maximise and produce real growth in net investment income whilst safeguarding capital values in real terms over the long term and whilst complying with the Church of England ethical investment policy. Real growth is measured by determining growth above CPI inflation.

The Chapter regularly review the investment policy of the Cathedral to ensure it continues to meet the changing needs of the organisation as it plans for the future.

At 31 December 2022, equity investments were valued at £4.23m and managed by CCLA Investment Management Limited. These funds are invested in CBF Church of England Investment and Global Equity Income common investment funds and are compliant with the Church of England ethical investment policy. A further investment asset is the directly owned property on the eastern fringe of Coventry city centre valued at £225k. Income from investments was £124k (£98k in 2021).

Over the past five years to 31 December 2022, the value per share of the Cathedral's CCLA investments increased by more than inflation. In real terms over that five-year period, the bid price of a share in the Church of England Investment Fund increased in value by 25% and the bid price of a share in the Global Equity Income fund increased by 79%.

Reserves policy

The objective of the Chapter's reserves policy is to ensure the provision of adequate working capital resources by monitoring the level of the Cathedral's free reserves. Free reserves are funds that are not tied up in fixed assets and that are unrestricted – including designated funds that have not been committed to specific expenditure. The Chapter considers that the level of free reserves throughout the year should be a minimum of 4 months' worth of the budgeted expenditure.

At 31 December 2022, free reserves decreased to £465k (2021: £733k). Free reserves decreased, in terms of months' worth of the relevant expenditure, and the cover is now 4.0 months' worth (2021: 5.5 months' worth). The cash element of these free reserves is being closely monitored with working capital requirements being monitored closely.

Going concern

As the Cathedral emerged from the impacts of the Covid pandemic, the Finance committee has monitored and continues to monitor the cashflows of the Cathedral carefully. We recognise the challenges presented by inflation and increasing utility costs and are working to address these with suppliers and through reduced usage.

Report to the Dean and Chapter

Having considered the budget for 2023 and the cash flow projections and actions being taken to address the free reserves position, the Chapter is confident that the Cathedral will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Chapter therefore considers that it is appropriate to prepare the financial statements on a going concern basis.

Risk management

The risk register is reviewed annually by Chapter. A revised risk register was created in late 2022. A risk review was undertaken by our insurers in late 2022 and an updated format was adopted. This updated version has been reviewed by Chapter members and the wider management team. Chapter have further agreed to a half yearly review of the summary register in July each year to ensure any emerging issues are identified and addressed.

A summary of our major risks are:

Risk	Steps taken to Manage the Risk
Loss or long term absence of key staff members	Contractual Notice Periods / Appraisal Discussions. Planned handover when needed. Discussion in appraisal about career aspirations. Pay matching where possible. Flexible working options and use of interims where required. Salary benchmarking to aid retention.
Commercial income falls as a result of poor offer / difficult selling environment	Maintaining links with commercial users (esp. university for graduations). Close forecasting and focus on generating unrestricted income through all means.
Project overspend causing greater than expected draw on Cathedral resources	Close project timelines and spend management. Accuracy and thoroughness in bids from the outset to ensure all costs are covered.
Reserves are below required levels	Monthly reporting of free reserves and any extraordinary cash and/or liability. Ongoing monitoring of reserve levels. Ongoing conversations with Church Commissioners. Action plan to train and ensure effective use of new finance system to reduce this risk

In addition the following risks remain of concern in our register, but we are seeing improvements which suggest they are reducing and will have reduced by the next review:

Risk	Steps taken to Manage the Risk
Loss of volunteers / failure to replace	Review of volunteers support and recruitment underway. Strategy in place. New volunteer coordinator in place. Volunteers being successfully recruited
Lack of diversity in our committees, congregations and staff, which fail to represent the community we serve	Diversity Plan created and being progressed. Diversity woven into new governance and constitution work.
Congregations reduce	Strategic plan to improve the age demographic through Welcome. New congregation (Wonder) launched Jan 23. St Clare's growing
Financial fraud or error	Authorisations policy in place. Procedures in place for changing payee bank details. Cash receipts minimised. Whistle- blowing policy. Some insurance cover. New SODA being introduced with registered charity status

Report to the Dean and Chapter

GOVERNANCE

Full Name: The Cathedral Church of St. Michael, Coventry

Address: Youell House, 1 Hill Top, Coventry, CV1 5AB

Governing statutes

The Cathedral is an ecclesiastical corporation and its constitution and statutes have been established in accordance with The Cathedrals' Measure 1999 - updated December 2018. They came into effect on 24 September 2000 and were amended on 19 September 2014. The Cathedral exercises control as a corporate body through the Chapter, the Cathedral Council and the College of Canons. In exercising their functions, these bodies are required to have due regard to the fact that the Cathedral is the seat of the Bishop of Coventry and a centre of worship and mission.

Although the Cathedral is not a charity as defined by the Charities Act 2011, the Chapter has had regard to the Charity Commission's guidance on public benefit. The Chapter considers the provision and maintenance of the Cathedral as a centre of worship, reconciliation and mission, and in particular the activities described in this report, are offered for benefit to the public – here in Coventry and the surrounding area, to visitors, and, through its wider ministry, nationally and internationally.

During 2023 the Cathedral will implement the Cathedrals' Measure 2021 which will see it convert to a registered charity. A firm date for this is yet to be set.

The Cathedral Chapter

The governing body of the Cathedral is the Chapter, consisting of the following members during 2022 and as at the date of this report:

<i>The Dean</i>	The Very Reverend John Witcombe
<i>Residentiary Canons</i>	The Reverend Canon Kathryn Fleming, Canon for Worship & Community The Reverend Canon Mary Gregory, Canon for Arts & Reconciliation
<i>Bishop's Appointments</i>	
<i>Property</i>	Richard Sapcote (appointed April 2020)
<i>Finance</i>	David Johnston (appointed March 2020)
<i>Clergy/Lay</i>	The Right Reverend John Stroyan, Bishop of Warwick
<i>Lay person elected by the Cathedral Community</i>	David East
<i>St. Michael's Committee Chair</i>	Graham Warren
<i>Churchwarden</i>	Martin Williams (elected October 2020)
<i>In attendance at Chapter and Chapter Clerk</i>	Isabel Merrifield, Cathedral Administrator

Chapter member appointment and induction

Chapter members are appointed by various means as set out above and for differing periods as defined in the Constitution and Statutes. The Chapter have in place a process for induction which enables the newly appointed Chapter members to become familiar with all of the Cathedral's activities and its finances. Newly appointed Chapter members have taken part in training provided national for members of Cathedral Chapters.

Report to the Dean and Chapter

Role and responsibilities of the Cathedral Chapter

The Chapter's responsibilities are set out in the Cathedrals' Measure 1999 - Updated December 2018. They are in brief:

- To order worship and promote the Cathedral's mission;
- To manage all its property, ensuring necessary repairs and maintenance are undertaken to the Cathedral, its contents and all other buildings.

The Chapter may exercise the power to invest endowment moneys of the Cathedral or other moneys vested in the Cathedral, subject to the provisions set out in section 16 of The Cathedrals Measure 1999 - Updated December 2018.

With regard to financial matters, under section 27 of the Cathedrals Measure 1999 - Updated December 2018, the Chapter is responsible for:

- Preparing and publishing an annual report and audited financial statements 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 it has complied in all material respects with the guidelines or describing which recommendations have not been complied with and giving reasons for the non-compliance;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Keeping proper accounting records from which, the financial position of the Cathedral can be ascertained with reasonable accuracy at any time;
- Safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The stipends of The Dean and Residentiary Canons are determined by the National Church. The salaries of other key staff are reviewed and determined annually by Chapter.

The Cathedral Council

This body has a statutory duty to further and support the work of the Cathedral - spiritual, pastoral, evangelistic, social and ecumenical, reviewing and advising upon the direction and oversight of that work by the Chapter. It is also responsible for receiving and considering the annual budget and the annual report and audited financial statements of the Cathedral. The Bishop is responsible for the appointment of the Chair and six other members and for ensuring the Council is operational. Andy Meehan was appointed by the Bishop as Chair. The Council meets quarterly and has a membership drawn from the Cathedral Chapter, the Cathedral Community, representatives of the wider church and six people drawn from the life of the City and County. The role of Council will cease upon the implementation of the new constitution & statutes in mid 2023.

The College of Canons

The College of Canons has the following roles:

- To receive and consider the annual report and audited financial statements;
- To discuss such matters concerning the Cathedral church as may be appropriate.

This body currently consists of the Dean who is the Chairman, the Suffragan Bishop, the Canons Residentiary, Honorary and Theologian, and the two Archdeacons.

Report to the Dean and Chapter

Cathedral committees

<i>Finance Committee</i>	Chair: David Johnston (appointed March 2020)
<i>Fabric Advisory Committee</i>	Chair: Jennie Page
<i>Liturgical Committee</i>	Chair: The Reverend Canon Kathryn Fleming (since August 2021)
<i>Nominations Committee</i>	Chair: Sally Kaminski-Gaze
<i>Saint Michael's Committee</i>	Chair: Graham Warren

Professional advisers

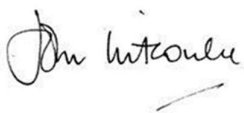
<i>Cathedral Architect</i>	Kelley Christ, A&RMÉ architects, London
<i>Cathedral Archaeologist</i>	Chris Patrick, Archaeologist,
<i>Auditors</i>	Dafferns LLP, One Eastwood, Binley Business Park, Coventry, CV3 2UB
<i>Bankers</i>	HSBC Bank plc, 55 Corporation Street, Coventry, CV1 1QJ
<i>HR Service</i>	HR Dept, The Print Rooms, C23J, Holly Farm Business Park, Honiley, Kenilworth, CV8 1 NP
<i>Legal Advisors</i>	Mander Hadley & Co., The Quadrant, Coventry
<i>Investment Managers</i>	CCLA Investment Management Ltd, 85 Queen Victoria St., London

Senior staff (as at 31 December 2022)

<i>Chief Operating Officer / Cathedral Administrator</i>	Isabel Merrifield
<i>Director of Finance / Chief Finance Officer</i>	Steve Lee
<i>Director of Music</i>	Rachel Mahon (currently covered by Luke Fitzgerald)
<i>Head of Property and Fabric</i>	Vacant
<i>Head Verger</i>	Daniel Anderson

We have much for which to be thankful in the contributions people make to our governance. We are glad of this opportunity to place our deeply-felt gratitude on record.

This Report of the Chapter on pages 1 to 8 was approved by Chapter and authorised for issue on 6 April 2023 and is signed on its behalf by:



The Very Reverend John Witcombe
Dean of Coventry

Independent Auditors Report to the Dean and Chapter of St Michael, Coventry

Opinion on financial statements

We have audited the financial statements of the Cathedral Church of St Michael, Coventry (the 'Cathedral') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and of the Cathedral Measure 1999 – updated December 2018.

This report is made solely to the Chapter, as a body, in accordance with section 27 of the Cathedral Measure 1999 - updated December 2018. 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 Chapter as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Cathedral's affairs as at 31 December 2022, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the regulations specified by the Church Commissioners under the powers given them by section 27 of the Cathedral Measure 1999 - updated December 2018.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chapter'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 charitable company'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.

Other information

The Chapter are responsible for the other information. The other information comprises the information included in the report of the Dean and Chapter, 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.

Independent Auditors Report to the Dean and Chapter of St Michael, Coventry

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 the Cathedral Measure 1999 - updated December 2018 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Report of the Dean and Chapter; 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 the Chapter

As explained more fully in the role and responsibilities of the Chapter set out on page 7, 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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Independent Auditors Report to the Dean and Chapter of St Michael, Coventry

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/auditors responsibilities. This description forms part of our auditor's report.

A handwritten signature in blue ink that reads "L Hatton".

Lucy Hatton FCCA (Senior Statutory Auditor)
For and on behalf of Dafferns LLP, Statutory Auditor
One Eastwood
Binley Business Park
Coventry
CV3 2UB
12 April 2023

Statement of Financial Activities for the year ended 31 December 2022

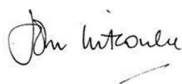
	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Income and endowments from:						
Donations and legacies	2	338	97	1,500	1,935	484
Grants in support of mission	3	401	393	-	794	2,929
Charges and fees in the course of mission	4	49	-	-	49	50
Trading and chargeable events	5	460	52	-	512	393
Investments	6	58	65	1	124	98
Insurance recoveries		-	-	-	-	2
Total Income		1,306	607	1,501	3,414	3,956
Expenditure on:						
Raising Funds	7	413	167	2	582	361
Ministry	8	426	302	4	732	695
Education and outreach	9	74	13	-	87	57
Cathedral and precincts upkeep	10	528	782	16	1,326	812
Total expenditure		1,441	1,264	22	2,727	1,925
Net incoming resources before investment gains		(135)	(657)	1,479	687	2,031
Net gains/(loss) on investments revaluation	14	(36)	-	(426)	(462)	517
Net income / (expenditure)		(171)	(657)	1,053	225	2,548
Transfers between funds	25	3,267	(3,274)	7	-	-
Actuarial gain/(loss) on pension scheme	21	-	-	-	-	47
Net movement in funds		3,096	(3,931)	1,060	225	2,595
Reconciliation of funds:						
Total funds brought forward		1,519	4,551	3,574	9,644	7,049
Total Funds carried forward		4,615	620	4,634	9,869	9,644

All amounts above are derived from continuing operations and the Cathedral has no recognised gains or losses other than these passing through the Statement of Financial Activities.

Balance sheet as at 31 December 2022

	Notes	Total 2022 £000s	Total 2021 £000s
Fixed assets			
Investment Assets			
Investments and property	14	4,450	3,410
Tangible fixed assets			
Property	15	4,624	1,395
Fixtures and fittings	15	117	130
Assets Under Construction	15	-	3,236
Total fixed assets		9,191	8,170
Current Assets			
Stock	17	20	16
Debtors	18	332	339
Cash at bank and in hand		655	1,450
Total current assets		1,007	1,805
Creditors: liabilities due within one year	19	(325)	(324)
Net current assets		682	1,481
Total assets less current liabilities		9,873	9,652
Creditors: liabilities due after more than one year	20	(4)	(8)
Total net assets	26	9,869	9,644
The funds of the Cathedral			
Unrestricted funds	22	4,615	1,519
Restricted funds	23	620	4,551
Endowment funds	24	4,634	3,574
Total Cathedral funds		9,869	9,644

These financial statements on pages 13 to 32 were approved by Chapter on 6 April 2023 and authorised for issue and are signed on its behalf by:



The Very Reverend John Witcombe, Dean of Coventry

Cash Flow Statement for year ended 31 December 2022

	Total 2022 £000s	Total 2021 £000s
Cash flows from operating activities:		
Net cash inflow/(outflow) by operating activities (see note 27)	768	10
Cash flows from investing activities:		
Purchase of investments	(1,502)	-
Purchase of tangible fixed assets	(61)	-
Change in cash and cash equivalents	(795)	10
Cash and cash equivalents at 1 January	1,450	1,440
Cash and cash equivalents at 31 December	655	1,450

1. Principal Accounting Policies

Basis of accounting

The Financial Statements have been prepared (a) under the historical cost accounting rules except for the valuation of investment assets that are shown at fair value, (b) in accordance with the guidelines prepared by the Cathedrals' Administration and Finance Association ("CAFA") in conjunction with the Association of English Cathedrals and specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999 - Updated 2018, as updated in December 2018, and (c) in accordance with Financial Reporting Standard ("FRS") 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as the Cathedral is classified as a 'public benefit entity'. The Cathedral has elected to apply in full FRS 102 sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' to all of its financial instruments.

The Cathedral has not presented consolidated financial statements on the grounds of materiality. Its wholly owned subsidiary Coventry Cathedral Trading Limited manages the production of events and is immaterial to the group.

Going Concern

The Chapter has in place a system of budgets, financial reporting and monitoring and a free reserves policy with a minimum level of free reserves to be maintained. The Chapter reviews the level of free reserves against that minimum level on a monthly basis and during the pandemic has monitored the amount of cash available to meet its commitments as they fall due. Currently financial models have been created to take account of the key dates in the lifting of lockdown restrictions and the impact on the Cathedral if there is a delay to these dates.

If free reserves are close to or below the minimum policy level, or the trend is towards reserves being below the minimum policy level, Chapter will take the necessary action to address the position and ensure that the Cathedral will be able to continue in operation and meet its liabilities as they fall due.

Having considered the budgets and cash flow projections and actions being taken to monitor the cash position, Chapter are aware that there is a level of uncertainty around the coming year. Taking this all into consideration Chapter is confident that the Cathedral will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Chapter therefore considers that it is appropriate to prepare the financial statements on a going concern basis.

Income and Expenditure

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 two residentiary canons which are paid by the Church Commissioners, the costs of which are shown within 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.

Expenditure (including depreciation and pension costs – see below under 'Assets' and 'Pensions' respectively, and the costs of repairs, restoration and maintenance of the Cathedral) is accounted for on an accruals basis and is allocated to the following categories in the Statement of Financial Activities: Raising funds; Ministry; Education and outreach; or Cathedral and precincts upkeep. Costs of shared support are allocated to these categories as follows:

- Property staff costs are allocated in proportion to the direct costs of these categories, but in the case of the 'Raising funds' category, taking, instead of the direct costs, the income raised from trading, fundraising and investments.
- Other support costs are allocated in proportion to the full time equivalent headcount for staff engaged in those activities.

Notes to Financial Statements for year ended 31 December 2022 (cont'd)

Tangible fixed assets and stock

Consecrated cathedral property is excluded from the financial statements as it is considered that a reasonable estimate of the cost cannot be made. All expenditure incurred on consecrated cathedral property and moveable church furnishings, whether maintenance or improvement, is written off as expenditure in the Statement of Financial Activities.

Tangible fixed assets comprises property and items of equipment and furnishings costing more than £5,000 which are expected to be used in more than one period and which are held for use in ministry or for administrative purposes, taking the long term view on the purpose for which property is held. Tangible fixed assets are stated in the Balance Sheet at cost. Freehold land is not depreciated. Depreciation on other tangible fixed assets is calculated at rates estimated to write off the excess of cost over the estimated residual value over the estimated useful life of each asset as follows:

- Freehold buildings 50 years
- Computer equipment 3 years
- Other equipment and furnishings between 3 and 10 years

Stock is valued at the lower of cost and net realisable value.

Financial instruments

Investment assets include shares in investment funds and property held to earn rentals and/or for capital appreciation. Investment assets are shown at fair value.

Debtors are measured at transaction prices less provision for any impairment. Creditors are measured at transaction prices less any amounts settled. Cash at bank and in hand includes cash equivalents such as cash held in the CCLA CBF Deposit Fund repayable on demand and cash held in a Building Society account.

Pensions

Defined contribution pension schemes: contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of each scheme.

Defined benefit pension scheme: Where the scheme is in deficit and the Cathedral is required to make deficit recovery contributions, a liability for this obligation is recognised in the Balance Sheet. The amount recognised is discounted to the net present value of the deficit recovery contributions payable, calculated using the discount rates detailed in the notes to the liability in the Balance Sheet. The unwinding of the discount rate is recognised within expenditure in the Statement of Financial Activities. The liability and movements in the liability are allocated to endowment funds which are expected to generate investment income sufficient to cover the deficit contributions. Deficit recovery contributions actually paid in the year are transferred from unrestricted funds to endowment funds. See also note 21.

Funds

Unrestricted funds are expendable at the discretion of the Cathedral in furtherance of the ministry of the Cathedral. The Cathedral may set aside part of its unrestricted funds to be used for particular purposes in the future. Such funds are called "designated funds".

Restricted funds are subject to specific conditions laid down by the donors or by legal measure as to how they may be used. Endowment funds, a special kind of restricted funds, are those held on trust for the benefit of the Cathedral as a capital fund. One of the Cathedral's endowment funds is comprised of endowment property. The Cathedral's other endowment funds are invested to produce a return.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

2. Donations and legacies

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Congregational and Cathedral community collections and giving	79	11	-	90	139
Donations	204	53	1,500	1,757	205
Tax recoverable under Gift Aid	20	3	-	23	25
Income from Allchurches Trust	25	-	-	25	25
Income from Friends	-	30	-	30	4
Legacies	10	-	-	10	86
	338	97	1,500	1,935	484

3. Grants in support of mission

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Church Commissioners	177	124	-	301	276
Diocesan grants	135	15	-	150	130
Other revenue grants	89	254	-	343	2,523
	401	393	-	794	2,929

Diocesan grants were received in the year of £135k and a further £15k for St Clare's at the Cathedral.

4. Charges and fees in the course of mission

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Contributions towards costs incurred in the course of mission	12	-	-	12	39
Facility and other fees	37	-	-	37	11
	49	-	-	49	50

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

5. Trading and chargeable events

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Entrance charges to visitors	10	-	-	10	-
Charges for tours	54	1	-	55	26
Income from lettings of cathedral and other buildings	250	1	-	251	154
Income from events	48	-	-	48	117
Gross income of shop, café and other trading activities	95	50	-	145	92
Commission income from sales by third parties	3	-	-	3	4
	460	52	-	512	393

6. Investments

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Income from investment property	15	-	-	15	17
Income from other investments	36	65	1	102	80
Interest receivable on short-term deposits	7	-	-	7	1
	58	65	1	124	98

7. Raising funds

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Facilities for visitors	86	-	-	86	77
Events and trading and letting	190	146	-	336	152
General marketing	91	2	-	93	99
Support Costs	46	19	2	67	33
	413	167	2	582	361

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

8. Ministry

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Clergy stipends	6	161	-	167	158
Clergy housing	15	-	-	15	30
Reconciliation ministry	25	22	1	48	67
Services and music	200	56	2	258	214
Operational costs	134	-	-	134	134
Other ministry	-	45	-	45	60
Support Costs	46	18	1	65	32
	426	302	4	732	695

9. Education and outreach

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Educational activities	55	9	-	64	41
Charitable and other giving	8	-	-	8	9
Support Costs	11	4	-	15	7
	74	13	-	87	57

10. Cathedral and precincts upkeep

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Major repairs and restoration	150	719	-	869	94
Minor repairs and maintenance	139	52	12	203	575
Utilities	158	-	3	161	78
Cathedral and precincts insurance	52	-	-	52	44
Support Costs	29	11	1	41	21
	528	782	16	1,326	812

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

11. Analysis of resources expended showing allocation of support costs

	2022			2021		
	Direct Costs £000s	Support Costs £000s	Total £000s	Direct Costs £000s	Support Costs £000s	Total £000s
Raising funds	515	67	582	328	33	361
Ministry	667	65	732	663	32	695
Education and outreach	72	15	87	50	7	57
Cathedral and precincts upkeep	1,285	41	1,326	791	21	812
	2,539	188	2,727	1,832	93	1,925

Analysis of support costs	2022 £000s	2021 £000s
Staff costs	174	90
Other Administration costs	14	3
	188	93

12. Staff costs and numbers (including clergy) and related party transactions

	2022 £000s	2021 £000s
Stipends	158	145
Wages and salaries	721	511
Social security costs	42	32
Pension costs	51	47
	972	735
Full time equivalent paid staff - permanent	27	22
Full time equivalent paid staff - casuals	-	-
Full time equivalent paid staff - members of staff	27	22

During 2022 the monthly average number of staff was 58 (2021:54). Looking at these staff as Full-time equivalent roles, there were 27 in 2022, and 22 in 2021. In addition to the paid members of staff the Cathedral relies heavily on the support of volunteers, unfortunately the pandemic has meant this cohort has reduced significantly.

Key management personnel are considered to be the Dean, the Residentiary Canons and the Cathedral Administrator (Chief Operating Officer) and their aggregate remuneration including social security and pension costs was £185,806 (2021: £179,355). The Dean and two Canons receive stipends in respect of their services to the Church of England, which are set and covered by a grant from the Church Commissioners.

One employee had total emoluments within the year that fell within the band £60,000 - £70,000 (2021: one).

There were no members of Chapter who received remuneration in respect of their position (2021: none). During the year four (2021: three) Chapter members were reimbursed expenses, including some travel overseas as part of the Cathedral's ministry, totalling £2,929 (2020: £14,354). Charity trustee liability cover of a nominal amount of £100,000 is provided as part of the Cathedral's insurances.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

13. Net incoming/ (outgoing) resources for the year

Net incoming / (outgoing) resources for the year are stated after charging:

	2022 £000s	2021 £000s
Auditors remuneration for		
- Audit services	9	9
- Other services	1	1
Depreciation		
-Endowment	17	17
-Unrestricted	64	19
Irrecoverable VAT	89	195

14. Investments

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Fair value 1 January	440	-	2,970	3,410	2,893
Additions	-	-	1,502	1,502	-
Transfers	(129)	-	129	-	-
Net Gain / (loss) on revaluation	(36)	-	(426)	(462)	517
Fair value 31 December	275	-	4,175	4,450	3,410

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
The investments at 31 December were held as follows:					
CCLA investment managers	275	-	3,950	4,225	3,185
Property at 129 Far Gosford Street, Coventry	-	-	225	225	225
	275	-	4,175	4,450	3,410

The value of the property at 129 Far Gosford Street was last determined from a valuation by an independent commercial property agency in December 2021.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

15. Property, equipment and furnishings

The new Cathedral was completed in 1962, adjacent to the Ruins of the old medieval church that was destroyed in 1940 and under the guidelines neither the new Cathedral nor the Ruins are included in fixed assets. The Cathedral and its contents were insured during the year for a value of £57,766,660 (2021: £53,155,619).

	Freehold land and buildings £000s	Equipment and furnishings £000s	Assets Under Construction £000s	Total £000s
Cost				
1 January 2022	1,976	552	3,236	5,764
Additions	61	-	-	61
Transfer	3,236	-	(3,236)	-
31 December 2022	<u>5,273</u>	<u>552</u>	<u>-</u>	<u>5,825</u>
Depreciation				
1 January 2022	581	422	-	1,003
Charge for the year	68	13	-	81
31 December 2022	<u>649</u>	<u>435</u>	<u>-</u>	<u>1,084</u>
Net book value				
31 December 2022	<u>4,624</u>	<u>117</u>	<u>-</u>	<u>4,741</u>
31 December 2021	<u>1,395</u>	<u>130</u>	<u>3,236</u>	<u>4,761</u>

Included in Freehold land and buildings are Youell House, Bardsley House, 8, 10a and 11 Priory Row, Haigh Lodge, Dewis Lodge, the Precentor's and Canon Pastor's residences, and the Pavilion.

16. Subsidiary undertakings

The Cathedral owns the whole of the issued share capital of Coventry Cathedral Trading Limited, £1. The Company was incorporated in England on 9 February 2018 and accounts have been prepared for the year ended 31 December 2022 during which the company did not trade.

17. Stock

	2022 £000s	2021 £000s
Goods for resale	<u>20</u>	<u>16</u>

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

18. Debtors

	2022 £000s	2021 £000s
Trade Debtors	155	118
Prepayments	21	19
Accrued Income	140	166
Other Debtors	16	36
	<u>332</u>	<u>339</u>

The above debtors include debt instruments measured at amortised cost of £171k (2021: £154k).

19. Creditors: liabilities due within one year

	2022 £000s	2021 £000s
Trade Creditors	74	143
Other Creditors	7	4
Accruals	178	132
Deferred Income	62	37
Defined benefit pension liability	4	8
	<u>325</u>	<u>324</u>

The above creditors include financial liabilities measured at amortised cost of £198k (2021: £279k).

20. Creditors: liabilities due after more than one year

	2022 £000s	2021 £000s
Defined benefit pension liability	4	8
	<u>4</u>	<u>8</u>

21. Pension provision

The main pension scheme which has been offered by the Cathedral to its employees is TPT Retirement Solutions, in previous years this was provided by NEST, the workplace pension set up by government, also a defined contribution scheme.

The Growth Plan ("the Plan"), a multi-employer pension scheme provides benefits to some 638 non-associated participating employers. The scheme is managed by TPT Retirement Solutions which was a defined benefit pension scheme until September 2012. From October 2012, all contributions are made into a defined contribution section of the Plan.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. During 2021 the Cathedral paid contributions at the rate of 8% and the member paid contributions of at least 1%.

At 31 December 2019 there was one active member of the defined benefit Plan employed by the Cathedral, who on retirement triggered a cessation event. During the "period of grace" Chapter decided to set up a new section in the TPT scheme and make this pension scheme the organisations default pension scheme, offered to all staff who were eligible to join.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. The rules of the Plan give the Trustee the power to require employers to pay additional contributions to ensure that the Plan has sufficient assets to meet its past service liabilities.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period represents the employer contribution payable together with any change in the provision for future deficit payments.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

Total Scheme Deficit contributions from 1 April 2022 to 31 January 2025: £3,312,000 per annum. The Cathedral payments required to settle the defined benefit pension deficit liability and associated plan expenses in 2023 are £647. From April 2023 deficit contributions are £305 per month and £341 per month for the plan expenses. (Plan expenses payments are now paid for separately from the contribution toward the deficit in the scheme and will increase by 3% in April each year thereafter until 30 September 2025).

The reduction in the deficit contributions have resulted from the funding level improving to 96% (from 86% in 2017) scheme assets increasing by £5.4m and liabilities reducing by £94.5m. It is possible that further stock market movements and changes to actuarial valuations would result in the liability increasing in future years.

The movements in the defined benefit pension deficit liability included in the balance sheet, and allocated to endowment funds (see accounting policies in note 1), are shown below. The movements in this liability are non-cash items apart from the payments to settle the liability, for which a transfer is made from unrestricted funds.

	2022 £000s	2021 £000s
At 1 January	15	80
Payments in the year	(7)	(18)
Actuarial (gain) / loss	-	(47)
At 31 December	<u>8</u>	<u>15</u>
Liabilities included within creditors as follows:		
Due within one year (note 19)	4	8
Due after one year (note 20)	4	7
	<u>8</u>	<u>15</u>

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

22. Unrestricted funds

	As at 1st Jan £000s	Net Incoming Funds £000s	Recognised Gains on Investments £000s	Transfers £000s	As at 31 Dec £000s
General Fund	1,314	(84)	(36)	3,267	4,461
Annexe Designated Fund	170	(45)	-	-	125
Property Projects Designated Fund	20	-	-	-	20
Canons' Housing Designated Fund	15	(6)	-	-	9
	1,519	(135)	(36)	3,267	4,615

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

23. Restricted funds

	As at 1 January 2022 £000s	Income £000s	Expenditure £000s	Transfers £000s	As at 31 December 2022 £000s
General Reconciliation	7	1	-	-	8
Community of the Cross of Nails	38	27	(26)	-	39
Intern Support	17	-	-	-	17
Coventry Peace Prize	14	-	-	-	14
Local Reconciliation Projects	15	-	(1)	-	14
Burundi Reconciliation visit	8	-	-	-	8
Chaplain Missioner	8	-	-	-	8
St Clare's at the Cathedral	40	72	(82)	-	30
General Education	16	(6)	(4)	-	6
General Music	75	13	(30)	-	58
Clergy vestments	6	-	(1)	-	5
Organ Restoration Project	-	49	(7)	-	42
Organ Recitals and Repairs	15	5	(5)	-	15
Ruins Restoration	129	7	(16)	-	120
Crypts - World Monument Fund	24	1	(8)	-	17
Tapestry Conservation	13	-	-	-	13
Chapel of Unity Cladding	2	3	(5)	-	-
Getty Conservation Management plan	1	-	-	-	1
Chapel of Unity Heating Project	10	-	-	-	10
New Cathedral Glass Fund	17	-	-	-	17
Cathedral Partners	30	-	(3)	-	27
Making Space for Hope	3,840	164	(730)	(3,274)	-
Historic England Cultural Recovery Fund	34	-	(6)	-	28
Rebuild Arts Programme	94	76	(149)	-	21
Arts Council England Culture Recovery Fund	1	-	-	-	1
Events Sustainability	19	-	(2)	-	17
Various other restricted funds	78	195	(189)	-	84
	4,551	607	(1,264)	(3,274)	620

General Reconciliation. This fund is for donations restricted to the Cathedral's reconciliation ministry.

Community of the Cross of Nails ("CCN"). To be used for the work of co-ordinating CCN centres worldwide and hosting pilgrims from them.

Intern Support. For grants and donations received to support the reconciliation interns and the costs of hosting them.

Coventry Peace Prize. For the award of the Peace Prize by City partners, the Cathedral, the Lord Mayor, the universities and the Bishop.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

Local Reconciliation Projects. This fund was set up in 2015 for grants for reconciliation projects in the City of Coventry.

Burundi Reconciliation Visit. This fund was set up in 2018 to fund work in Burundi.

St Clare's at the Cathedral. This fund was set up in 2017 with a grant from the Coventry Diocesan Board of Finance towards the costs of starting St Clare's as a new church community based at the Cathedral.

General Education. Income from endowment funds and donations restricted to educational provision within the Cathedral.

Choir Scholarships. This fund is for the award of scholarships to members of the choir.

General Music. Fund to hold restricted donations to the general music provision of the Cathedral

Clergy Vestments. This fund is to fund the purchase of Clergy Vestments.

Organ recitals and repairs. This fund is for donations towards the costs of repairing the Cathedral organ.

Ruins Restoration. This fund is both grant funding and donations to enable repair and restoration of the ruins

Crypts - World Monument Fund. This fund was set up in 2014 for to fund the renovation and re-opening of the crypts under the ruins.

Tapestry Conservation. This fund was set up in 2014 for the costs of conservation of the Graham Sutherland tapestry.

New Cathedral Glass Fund. This fund holds donations made from the public to repair and protect the angel on the Hutton Screen, and any future repairs to other modern glass in the Cathedral.

Cathedral Partners. These funds are held to support the Cathedral's ministry of reaching people on the fringe and beyond

Making Space for Hope. MSFH was the major capital improvement project to get the Cathedral ready for City of Culture. It included the creation of a new extension (now the Sir John Laing Centre) including significant accessibility improvements, as well as the provision of new song school, new retail units, new interpretation, handrails down the Queen's steps and some essential maintenance to enable the removal of fencing from around the Chapel of Christ the Servant. As the underlying assets carry no restrictions, these have been transferred to the unrestricted fund at the year-end.

Historic England Cultural Recovery Fund. Grant support from Historic England for essential conservation work as identified in our quinquennial inspection.

Rebuild Arts Programme. Fund set up to support our City of Culture Partnership Project – the Rebuild Arts Programme from 2021-22. This fund saw a significant grant from Arts Council England.

Events Sustainability. This fund was set up in 2017 to receive grants towards improving the events team provision.

Various other restricted funds. Monies given for specific activities or projects that are accounted for separately but which do not have income or expenditure or a balance brought forward or carried forward in excess of £10,000.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

24. Endowment funds

	As at 1st Jan £000s	Additions £000s	Expenditure £000s	Gains, Losses and Transfers £000s	As at 31 Dec £000s
Property	615	-	(18)	-	597
Kenilworth Stipends	1,389	-	(2)	(170)	1,217
Kenilworth Fabric	751	-	(2)	(81)	668
Higgs Education	284	-	-	(40)	244
Choir Scholarship	182	-	-	(23)	159
John F Bowen Cathedral Organ	100	-	-	(12)	88
Choral Endowment Fund	209	1	-	(29)	181
General Endowment	59	-	-	(8)	51
Diamond Endowment	-	1,500	-	(63)	1,437
	3,589	1,501	(22)	(426)	4,642
Less Pension Liability	(15)	-	-	7	(8)
	3,574	1,501	(22)	(419)	4,634

Pension liability 'gains, losses and transfers' of £7,000 are comprised of transfers from unrestricted funds of payments in the year of £7,000 and an actuarial gain of £nil. See also note 21.

Property

This fund consists entirely of endowed property. This is Youell House, Bardsley House, Haigh and Dewis Lodges and the Cathedral's buildings on Priory Row.

Kenilworth Stipends and Fabric

These funds were donated by the Kenilworth Trust and are invested. The income from the investments is restricted to provision of staff and maintenance of fabric respectively.

Higgs Education

The income from this endowment is restricted to the provision of education within the Cathedral.

Choir Scholarship

The income from this endowment is restricted to the provision of scholarships for choir members.

John F Bowen Cathedral Organ

This endowment produces income to assist with the costs of maintaining the Cathedral's organ.

Choral Endowment

This endowment was set up in 2016 to produce income to help fund the costs of the choir.

General Endowment

This endowment was set up in 2017 to produce income to help fund any Cathedral costs.

Diamond Endowment

Endowment fund created for the Diamond Jubilee with the aim of achieving £10m to sustain the ongoing life of the Cathedral

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

25. Transfers between funds

	General Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s
Pension deficit contributions paid in year	(7)	-	7	-
Salary payments transferred to General Cathedral Partners	(2)	2	-	-
Henry Moore Transfer from restricted fund to General Fund	2	(2)	-	-
Transfer Pavilion asset to unrestricted fund	3,366	(3,366)	-	-
Making Space for Hope expenditure funded through unrestricted funds	(92)	92	-	-
	3,267	(3,274)	7	-

The Pavilion asset was transferred to unrestricted funds on 1 July 2022, being the date it was brought in to use. Expenditure incurred from unrestricted funding since that date totals £61k and is included within accruals at 31 December 2022.

26. Analysis of net assets by fund type

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2022 £000s	Total 2021 £000s
Investment Assets	275	-	4,175	4,450	3,410
Cash at Bank and in Hand	65	590	-	655	1,450
Stock and Debtors	352	-	-	352	355
Inter-fund Balances	94	30	(124)	-	-
Current Liabilities	(321)	-	(4)	(325)	(324)
Long Term Liabilities	-	-	(4)	(4)	(8)
Net useable Assets	465	620	4,043	5,128	4,883
Tangible Fixed Assets	4,150	-	591	4,741	4,761
Net Assets	4,615	620	4,634	9,869	9,644

Unrestricted net useable assets at 31 December 2022 of £465k (2021: £734k) are also referred to as free reserves.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

27. Net cash provided by operating activities

	Total 2022 £000s	Total 2021 £000s
Net movement in funds	225	2,595
Adjustments for:		
Actuarial (gain)/loss on defined benefit pension scheme	-	(47)
Net (Gains)/loss on revaluation of investments	462	(517)
Depreciation	81	36
Payment of defined benefit pension liability	(7)	(18)
Fixtures and Fittings Asset	-	(130)
Work in Progress Asset	-	(1,863)
(Increase) / decrease in stock	(4)	-
(Increase)/Decrease in debtors	7	(79)
Increase/(Decrease) in creditors	4	(32)
Net cash used by operating activities	768	10

Operating activities referred to above are those of the unrestricted, restricted and endowment funds combined.

Notes to Financial Statements for the year ended 31 December 2022 (cont'd)

28. Analysis of the Statement of Financial Activities for the year ended 31 December 2021 by fund type

The 2022 Statement of Financial Activities only shows the 2021 comparative data in total. The statement below shows the 2021 comparative data by fund type as well.

	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total 2021 £000s
Income and endowments from:				
Donations and legacies	340	144	-	484
Grants in support of mission	399	2,530	-	2,929
Charges and fees in the course of mission	29	21	-	50
Trading and chargeable events	335	58	-	393
Investments	35	63	-	98
Insurance recoveries	2	-	-	2
Total Income	1,140	2,816	-	3,956
Expenditure on:				
Raising Funds	288	67	6	361
Ministry	244	444	7	695
Education and outreach	45	11	1	57
Cathedral and precincts upkeep	325	483	4	812
Total expenditure	902	1,005	18	1,925
Net incoming / (outgoing) resources before investment gains	238	1,811	(18)	2,031
Realised gain on disposal of investments	-	-	-	-
Net gains / (losses) on investments	25	-	492	517
Net income / (expenditure)	263	1,811	474	2,548
Transfers between funds	(18)	-	18	-
Actuarial gain on defined benefit pension scheme	-	-	47	47
Net movement in funds	245	1,811	539	2,595
Reconciliation of funds:				
Total funds brought forward	1,274	2,740	3,035	7,049
Total Funds carried forward	1,519	4,551	3,574	9,644

All other amounts above are derived from continuing operations and the Cathedral has no recognised gains or losses other than these passing through the Statement of Financial Activities.