



Annual Accounts 2020



REPORT OF THE TRUSTEES

The Trustees present their Report & Accounts for the year ended 31 December 2020. The Statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) - Charities SORP FRS 102.

Structure, Governance and Management

The Roman Catholic Archdiocese of Southwark Charitable Incorporated Organisation (CIO), registered charity number 1173050, was established by a constitution dated 16 May 2017. On 6 October 2017, the assets and liabilities of Roman Catholic Diocese of Southwark Diocesan Trust registered Charity number 235468 were transferred into the CIO.

The CIO is governed by the Board of Trustees which has seven members and consist of both Clerical and Lay Trustees. The Clerical Trustees are appointed for their expertise in parochial, spiritual, and pastoral matters. The Lay Trustees are appointed for their expertise in a number of different areas. The Archbishop is empowered to appoint and remove all Trustees. The Board of Trustees is responsible for formulating strategies and policies of the CIO. There are four Sub Committees of the Board: Finance Audit and Risk; Property and Health and Safety; Safeguarding; and Investments. New Trustees are provided with terms of reference and an induction pack of information relating to the constitution, governance, and operation of the Trust. Trustees are expected to visit all central departments as well as being familiar with the work of parishes. The Trustees are normally updated regularly through training sessions and courses both internally and externally, updating their expertise in their own particular field and their responsibilities as Trustees. The Board of Trustees meets at least six times per year: in 2020 there were 11 meetings.

The management of the CIO's investments is delegated to the Investment Committee which is responsible for establishing a detailed investment policy with regard to the CIO's overall strategy and risk tolerance parameters. It is comprised of a chair who is nominated by the Trustees, one Trustee, the Chief Operating Officer, the Finance Director, and a senior member of the clergy.

The Archdiocesan Finance Committee was chaired by the Moderator of the Curia and met once per month. In addition to the Chairman, there were two Trustees, namely an Area Bishop and the Vicar General and Chancellor of the Archdiocese, two officers of the CIO, namely the Chief Operating Officer and Financial Controller, plus two lay members and two clergy members.

At the end of 2020 the Trustees approved the constitution of two Trustee board sub-committees to perform the functions of the previous Finance Committee:

1. The Finance Audit and Risk Committee meets once per month and is chaired by the Moderator of the Curia. Other members are an Area Bishop, the Chief Operating Officer, Finance Director, Financial Controller, one lay trustee and two other lay members.
2. The Property, Health and Safety Committee meets six times a year and is chaired by the Moderator of the Curia. Other members are the Vicar General and Chancellor of the Archdiocese, the Chief Operating Officer, Finance Director, Head of Property, Head of Health and Safety, two parish priests and one other lay member.

The Trustees share the view that the Charity and the local Church, the latter being called 'the Archdiocese', are two distinct entities. They are bound together by the will of the Archbishop of Southwark, who must intend throughout his period of office to govern the Charity, in conjunction with the other Trustees, in support of the Archdiocese, as this is understood in Catholic theology and Canon Law and in accordance with Charity law. The Archbishop is supported in his role by three Auxiliary Bishops who each have responsibility for one of three pastoral areas: South West London, South East London and Kent. Each Auxiliary Bishop is

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charged with establishing and maintaining and developing or furthering the educational and worship functions of the Church, within his pastoral area.

The Archdiocese owns those lands, buildings, and other forms of property, which it is necessary for the Church to have and to use, to fulfil the mission of the Church within the area covered by the Archdiocese of Southwark. The Archdiocese consists of 176 parishes.

The Archbishop also appoints the clerical trustees (one auxiliary bishop and two Vicars General) and his Private Secretary as members of the Archbishop's Council. The Archbishop's Council also includes the Episcopal Vicar for Kent, the Judicial Vicar and the Chief Operating Officer and deals with local administrative, pastoral, and disciplinary matters. Issues are referred to the full Trustee board if necessary. The Archbishop's Council meets approximately every two weeks. In 2020 there were 26 meetings of the Archbishop's Council.

The Archdiocese does not control, nor own, property owned by the many religious orders of the Church which have convents, abbeys, friaries, shrines, care homes, chapels, schools, retreat houses, and other property in our geographic area. There is, therefore, a considerable commitment of resources, financial, material and human, from members of the Church within our Archdiocese, which is not reported here.

Achievements and Performance

The biggest challenge that the Archdiocese had to deal with was the impact of Covid both on the Archdiocese centrally but also on its parishes and schools. With the closure of churches for a major part of the year the impact on parish finances was significant. Please see the Annual Report on pages x to x which sets out the challenges faced and how our parishes, schools and agencies were able to deal with them. Whilst there was an overall fall in income for the year it was not as bad as we expected.

We have developed our fundraising strategy in the light of the pandemic, and this is set out in the Annual Report. The focus has been on our parishes helping them to switch collections which were cash focused into more standing orders and on line payments by parishioners. There has also been a focus on parishioners gift aiding their donations.

We have developed our disposal strategy as regards our surplus properties and this will continue over the next 3 -4 years.

We are continuing to develop our support for our sick and retired priests ensuring that they claim the benefits they are entitled to, ensuring that the properties they live in are safe and they are visited regularly by our priest welfare team and others. We also monitor the care they receive and consider any changes recommended.

The new Finance System, Accounts IQ, has now been rolled out to all parishes. This replaces the previous multiple different systems in use and enables parishes to more accurately account for their income and expenditure in particular through the innovative cash collection module. Accounts IQ will greatly improve financial management across the Archdiocese and will lead to more efficient and better use of resources through more accurate and timely financial reporting and improved procurement.

Key management personnel

The Trustees consider that the Trustees and the Senior Management Team consisting of the Chief Operating Officer, Director of Education, Archdiocesan Property Manager and Finance Director comprise the key management personnel of the Charity in charge of directing, controlling, running, and operating the Charity on a day-to-day basis. The pay of the senior staff is reviewed annually and normally increased in accordance with earnings in similar organisations in the sector to reflect a cost of living adjustment. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees expenses are disclosed in Note 16 of the accounts.

Use of volunteers

Those who are termed volunteers in other charities are in our Archdiocese the “lay faithful”, members of the worshipping community, which is the parish. Many parishioners help in all aspects of parish life and they are vital in our parishes, which would not be able to operate without their assistance. Many parishioners are members of organisations in the parish that provide support to those in need. The Trustees would like to express their sincere thanks to all parishioners for all the work they do in helping to build and maintain the parish community.

Key Plans for the future

We will:

- Launch a new, transactional Website that will both promote the Good News and provide rich information regarding the Archdiocese.
- Initiate a Caritas network, building upon the good works already being carried out in many areas across the Archdiocese.
- Continue to develop new delivery models plans for our Agencies and central services, to ensure that they assist the Mission in the most appropriate way, serving the grassroots of the Church.
- Continue to implement changes in Safeguarding, particularly around improved training and implementing the new national arrangements.
- Implement our fundraising strategy, including the launch of an Archbishop’s Appeal, while building upon the digital delivery successes of 2020.
- Implement the Curial Archdiocesan property strategy including to continue with the disposal of surplus properties and to embed new Health & Safety arrangements.
- Phased implementation of the Education Strategy
- Continue to build on and strengthen financial management and governance across the organisation.
- Continue to develop and refine the Archdiocesan risk management policy and procedures and continue to embed our approach in this vital area

RISK MANAGEMENT

Going Concern

Whilst the Archdiocese as a whole is in a strong financial position the central Archdiocesan (Curial) income and expenditure account has been in deficit for several years which has resulted in a reduction in unrestricted funds. In 2020 there was a small surplus and whilst the Curia still has unrestricted net current liabilities these have fallen over the past year. However, this still continues to be growing going concern risk under Canon Law and the Trustees have given their assessment of the position increased attention as a result. Going concern is considered by the Trustees at every Trustee meeting, where they receive reports on projected income, expenditure, and cash flow.

The Trustees’ assessment of going concern as at the accounting date was formed following a review of the following information:

1. Cash flow forecasts to December 2024
2. Income and expenditure forecasts for the three years 2022-24.
3. Projected allocation between unrestricted and restricted funds for the three years 2022-24

The Trustees will continue to focus on the key risk area of going concern as part of a new Financial Strategy under discussion which aims to protect the long term financial position of the Archdiocese including balancing the central income and expenditure account and unrestricted reserves position. Please see note

1.2 to these accounts which sets out the accounting policy as regards the preparation of these accounts on a going concern basis.

Covid 19

The onset of the pandemic in March 2020 represented a significant risk to the Archdiocese and its parishes and caused immeasurable social disruption that included a temporary cessation of worship in our Churches and an estimated 50% loss of income for our Parishes. The Trustees response was immediate and thorough and included the following:

- Major drive to support Parishes switching from cash to other forms of giving; standing orders, cashless options. This has reduced the reliance on cash
- Fundraising activity to improve longer term resilience and generate short term income
- Greater focus on cashflow reporting to the former Finance Committee and Board of Trustees
- Close monitoring of parish cash flows has enabled the Diocese to support the more vulnerable parishes
- New delivery models for a number of central areas and agencies, resulting in headcount reduction and Curial payroll savings of some £500,000, while freeing up operational buildings for future disposal
- Focus on cost reduction, including the termination of a major contract and re-provision at a lower cost
- Focus on income generation through property rentals
- Support for Parishes to amend their staffing levels to reflect the new situation
- Continued support for Clergy during lockdown to reduce the risk of isolation
- Purchase and provision of PPE for all Parishes
- Co-ordination of risk registers to facilitate the return to worship and utilisation of rental space
- Extensive use of the Government's Coronavirus Job Retention Scheme which resulted in grants of £1.2m to support Archdiocesan payroll costs.

Other Risks

The Trustees have assessed the other major risks to which the Archdiocese is exposed, in particular those related to the operation and finances of the trust and are satisfied that systems are in place to mitigate the exposure.

The major risks can be categorised as financial (insufficient resources to meet our objectives), pastoral (insufficient priests to minister to the Catholic population and promote evangelisation) together with the risk of safeguarding failures in relation to children and vulnerable adults. Uncertainties include the impact of government policy on school provision and risks relating to recruitment of teachers in a competitive environment and these remain on the Trustees agenda. All have a potential impact on the delivery of our objectives and a variety of mitigating activities are in place. These are:

Financial

The charity has a significant investment portfolio both in terms of shares and properties, some of which it is realising in order to meet our objectives

Insufficient priests

The Charity is working hard to encourage vocations. Although the recent closure of the seminary was sad it was a significant drain on the resources of the two Dioceses and the sale of the site will release funds to develop a strategy to increase vocations to the priesthood.

Safeguarding failures

A number of systems and staffing investments are planned in 2021 as part of an agreed Improvement Plan. This will include incorporating all actions arising from the Review of the Structure of Safeguarding in the Catholic Church in England and Wales.

The review's recommendations included;

- Re-structure of national model
- Audit and review function
- Defining safeguarding standards
- Restructuring of Institutes of Consecrated Life and Societies of Apostolic Life
- Training
- A National Tribunal Service

The Trustees have initiated a review of their risk strategy and the management of risk will be strengthened and permeate all aspects of the Charity's operations.

FINANCIAL REVIEW OF THE YEAR ENDED 31 DECEMBER 2020

Financial Performance

We refer to the statement of financial activities in the financial statements that follow and cover the year ended 31 December 2020. The comparatives are for the period from the 1 January 2019 to 31 December 2019.

The impact of the pandemic was significant on the Charity's income. Collections and donations were down on the previous year, falling to £17.2m from £20.9m. Legacies, which were mainly credited to parishes, were £1.3m(2019 £1.4m).

Expenditure however was also down at £27.2m for the year (2019 £32.7m). The Charity took advantage of the Furlough Scheme and received in excess of £1 million in grants. The main areas of expenditure for the Charity are in the areas of repairs and supporting sick and retired priests. The latter showed a large reduction over last year despite the pandemic as care home expenditure fell following the death of a number of priests. Church repairs also fell despite a number of parishes taking advantage of the closure of the churches to carry out repair work.

The Charity also reviewed its staffing levels across the Diocese and a number of staff took redundancy as some departments were restructured and parishes reviewed their staffing requirements.

Before investment gains there was a deficit on unrestricted funds of £4.0m (2019 deficit £6.3m); restricted funds had a deficit of £3.6m (2019 £3.8m surplus); and parish funds showed a surplus of £4.8m (2019 £2.7m). Overall, before investments, the Archdiocese had a deficit of £2.7m (2019 £0.1m surplus).

The above-mentioned deficits were offset by an unrealised gain of £10.1m on investment property revaluations and an unrealised gain of £4.2m on investment revaluations.

The Charity's investment policy and performance are shown below

Reserves Policy

The Trustees have reviewed the reserves policy of the Archdiocese and it has been agreed that it will be based around the level of free reserves.

Definition of free reserves

The diocese's free reserves are those funds which can be freely spent on the Archdiocese's charitable purposes. Free reserves will therefore normally exclude tangible fixed assets because these assets are used by the charity to deliver their activities and as such cannot be sold to meet a funding deficit. Amounts already set aside for essential future spending (designated funds) are also excluded from free reserves. Free reserves therefore are defined as total net assets less restricted funds less tangible fixed assets.

Definition of unrestricted expenditure

Unrestricted expenditure is defined as expenditure which is made by the Charity to further its objects, to be spent as the trustees see fit, i.e. where the application of funds is not restricted by the donor.

Reserves Policy

The policy adopted by the Trustees is that the level of free reserves across the Charity should represent 12 to 24 months of unrestricted expenditure. At the 31 December 2020 the level of free reserves was £48.6 m which represents 24 months unrestricted expenditure.

The policy will be subject to annual review.

For further detail on the Archdiocese's reserves see notes 12 to 15 of the Accounts.

The Archdiocese has a number of restricted funds to be used for specified purposes totalling £13.3m (2019 £13.8m) which include:

Ecclesiastical Education Fund

This fund meets the costs of students at Seminaries training to be priests for the Archdiocese and ongoing training for Clergy. Its income derives from investments.

Clergy Support Fund

A legacy specifically restricted to helping clergy in need has been invested and the income is applied to the Clergy Support Fund. Income is also derived from the Clergy Support Campaign, which raised over £261,000 in 2020. These funds are utilised in helping towards the costs of our retired and sick clergy.

Mass Funds

Income received on investments provided by donors is paid to priests who offer Masses for the intentions of the donors.

Education Fund

The Education fund represents the funds received on the disposal of school sites. These funds can only be used in the costs of building or the costs towards building a replacement school.

Investment Policy

The Trustees have issued an Investment Policy Statement in accordance with the requirements of the *Trustee Act 2000*. The Trustees' investment goal is to place emphasis on maximising total return through both income and capital growth.

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A new Sustainable Total Return Strategy was adopted in 2019, which built upon our ethical stance by addressing a number of issues including fossil fuels and positive investing. The changes enhanced our approach to environmental, social and governance practices and required each element of our portfolio to be able to demonstrate a positive contribution to the United Nation's Sustainable Development Goals. We no longer have any fossil fuel investments. The portfolio has performed well, with an increase in value of over the year of 20.52%.

The Trustees look after this issue by a structure of quarterly meetings between the Investment Committee and the investment managers, Barclays Wealth. At these meetings, the officers and the managers consider each holding in the portfolio and the officers instruct Barclays Wealth as appropriate if disinvestment is required on ethical grounds.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The purpose of this statement is to distinguish the Trustees' responsibilities for the accounts from those of the auditors as stated in their report. The Charities Act 2011 requires the Trustees to prepare for each financial year financial statements, which give a true and fair view of the Charity's financial activities during the year and of its financial position at the year end. In preparing the financial statements, the Trustees are required to:

- o Select suitable accounting policies and apply them consistently;
- o Observe the methods and principles in the Charities SORP
- o Make judgements and estimates that are reasonable and prudent;
- o State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- o Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this basis applies.

The Trustees are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Archdiocese and enable them to ensure that the financial statements comply with the Trust Deed and the disclosure regulations. They are also responsible for safeguarding the assets of the Archdiocese and hence for taking reasonable steps for the prevention and detection of error, fraud, and other irregularities.

The Archdiocesan Trustees meeting on 7 December 2022 approved this statement of responsibilities, together with the Report and the Review and the Accounts.

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Most Reverend John Wilson
Trustee

7 December 2022

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC ARCHDIOCESE OF SOUTHWARK

Opinion

We have audited the financial statements of the Roman Catholic Archdiocese of Southwark for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2020 and of the Charity's 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 requirements of the Charities Act 2011.

Basis for opinion

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

Responsibilities of Trustees for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE ROMAN CATHOLIC DIOCESE OF SOUTHWARK

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. 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 the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Charity, or returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept; or
- the Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Use of our report

This report is made solely to the Charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's Trustees 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 Charity's Trustees 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

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEARENDED 31 DECEMBER 2020

		Archdiocesan Funds			2020	2019
		Unrestricted Funds	Restricted Funds	Parish Funds	Total	
		£	£	£	£	£
	Notes					
<u>INCOME FROM</u>						
<i>Donations and legacies</i>						
Collections and donations		341,331	261,461	16,613,174	17,215,966	20,905,109
Grants receivable	1.3	323,231	122,939	773,644	1,219,814	156,864
Legacies		10,627	-	1,279,389	1,290,016	1,408,753
<i>Investment income</i>						
Investment income and						
Interest receivable	2	435,236	154,122	391,302	980,660	963,963
Rents receivable		472,960	-	982,358	1,455,318	1,243,395
<i>Other Trading Activities</i>						
Rents receivable (occasional lettings)		-	-	656,941	656,941	1,145,556
<i>Charitable activities</i>						
Other income from charitable activities (inc Repositories)		-	-	178,450	178,450	647,250
Catholic Formation Centre Fees		-	-	-	-	48,880
<i>Other</i>						
Other income		916,686	-	357,292	1,273,978	453,784
Profit on disposal of fixed assets		163,224	-	44,203	207,427	605,687
Disposal of former school sites		-	-	-	-	5,285,978
TOTAL INCOME		2,663,295	538,522	21,276,753	24,478,570	32,865,219
<u>EXPENDITURE ON</u>						
Raising funds	3	86,480	28,511	107,588	222,579	275,115
Charitable activities	3&4	6,564,175	4,051,320	16,361,552	26,977,047	32,473,928
TOTAL EXPENDITURE		6,650,655	4,079,831	16,469,140	27,199,626	32,749,043
		(3,987,360)	(3,541,309)	4,807,613	(2,721,056)	116,176
Net gains/(losses) on investments		2,762,340	1,035,643	411,087	4,209,070	2,921,025
Net gains on investment properties		373,216	-	9,729,588	10,102,804	321,913
NET (EXPENDITURE)/INCOME		(851,804)	(2,505,666)	14,948,288	11,590,818	3,359,114

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STATEMENT OF FINANCIAL ACTIVITIES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

		Archdiocesan Funds Unrestricted Funds £	Restricted Funds £	Parish Funds £	2020 Total £	2019 Total £
	Notes					
NET (EXPENDITURE)/INCOME		(851,804)	(2,505,666)	14,948,288	11,590,818	3,359,114
Transfers	7	2,586,952	-	(2,586,952)	-	-
NET MOVEMENT IN FUNDS		1,735,148	(2,505,666)	12,361,336	11,590,818	3,359,114
RECONCILIATION OF FUNDS						
Funds brought forward		5,898,188	13,850,499	69,378,098	89,126,785	85,767,671
FUNDS CARRIED FORWARD		<u>£7,633,336</u>	<u>£11,344,833</u>	<u>£81,739,434</u>	<u>£100,717,603</u>	<u>£89,126,785</u>

The notes form part of these accounts.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The Roman Catholic Archdiocese of Southwark – Report and Accounts

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible fixed assets	8	38,907,742	39,018,767
Investments	9	60,540,231	46,967,029
		<u>99,447,973</u>	<u>85,985,796</u>
CURRENT ASSETS			
Debtors	10	3,464,932	2,856,682
Cash at bank and in hand		10,245,269	6,323,170
		<u>13,710,201</u>	<u>9,179,852</u>
CREDITORS: Amounts falling due within one year	11	<u>(12,440,571)</u>	<u>(6,038,863)</u>
NET CURRENT ASSETS		1,269,630	3,140,989
NET ASSETS		<u>£ 100,717,603</u>	<u>£89,126,785</u>
FUNDS			
Unrestricted	12	7,633,336	5,858,131
Restricted	14	11,344,833	13,850,499
Parish Funds	13	81,739,434	69,378,098
Charitable trading		-	40,057
		<u>£ 100,717,603</u>	<u>£89,126,785</u>

Approved by the Trustees on 7 December 2022 and signed on their behalf by:

.....
Most Reverend John Wilson
Trustee
The notes form part of these accounts.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net cash provided by (used in) operating activities: (see below)	1,441,442	(6,545,538)
Cash flows from investing activities		
Dividends, interest and rents from investments	980,660	963,963
Purchase of property	(1,231,672)	(538,874)
Proceeds from sale of property	1,642,810	5,487,514
Purchase of investments	(4,979,314)	(22,490,561)
Proceeds from sale of investments	6,232,221	23,906,021
Net cash provided by (used in) investing activities	2,644,705	7,328,063
Change in cash and cash equivalents in reporting period	3,922,099	782,525
Cash and cash equivalents at beginning of reporting period	6,323,170	5,540,645
Cash and cash equivalents at end of reporting period	10,245,269	6,323,170
Reconciliation of net incoming resources to cash flow from operating activities		
Net (expenditure)/ income for reporting period (as in SOFA)	11,590,818	3,359,114
Adjustments for:		
Depreciation	560,565	548,655
Returns on investments	(17,009,119)	(15,871,948)
Dividends	(980,660)	(963,963)
Net Gain on Disposal of school sites and Fixed Assets	207,427	5,343,834
Net gain on Disposal of Investment Properties	62,453	-
(Increase)/Decrease in Debtors	608,250	453,495
Increase/(Decrease) in Creditors	6,401,708	585,275
Net Cash provided by/ (used in) operating activities	1,441,442	(6,545,538)

ANALYSIS OF CHANGES IN CASH AT BANK AND IN HAND

	2020	Cash flow	2019
	£	£	£
Cash at bank and in hand	10,245,269	3,922,099	6,323,170

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The financial statements have been prepared in accordance with all statutory requirements and with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) (2nd Edition SORP issued January 2019) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

The Roman Catholic Archdiocese of Southwark meets the definition of a public benefit entity under FRS102.

Assets and liabilities are recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Basis of consolidation

The Roman Catholic Archdiocese of Southwark has two subsidiary companies – St George’s Cathedral Car Park Limited registered company number 2705778 and RCAOS Property Services Limited registered company number 12592137. Consolidated accounts have not been prepared as the subsidiaries are not material to the group.

1.2 Preparation of the accounts on a going concern basis

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The Trustees have made this assessment in respect of a period of at least one year from the date of approval of these accounts.

Income from donations and charitable activities has been adversely impacted in many areas of the Charity’s mission, though the impact has been mitigated by parishes giving access to alternative methods of giving, such as online donations and by encouraging donors to consider setting up standing orders. However, the overall drop in income was accompanied by a reduction in expenditure easing the pressure on reserves. The Charity also furloughed more than half its employees and claimed the eligible sums from the Coronavirus Job Retention Scheme.

Although there has been an impact on the finances and reserves of the Charity, the Trustees of the Charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees are of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

1.3 Income

Donations

Donations are recognised when receivable or when the Archdiocese becomes legally entitled to them and they can reasonably be measured in financial terms. Receipts of property, investments or other gifts in kind are included at market value.

Legacies

For legacies, entitlement is considered to be earlier of when either:

- a) Notification has been received from the executor that probate has been granted and the Charity is expected to receive a distribution: or
- b) A distribution has been received from the estate

Receipt of a legacy is only considered probable when the executors have indicated that there are sufficient assets in the estate to make a distribution. Where legacies have been notified to the Charity, but the criteria or income

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1.3 Income (Continued)

recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. Life interests are not recognised until the cessation of the life interest: they are then valued as residuary legacies.

Grants

Grants are recognised when receivable.

Government grant income of £1.18m represents the total amount claimed from HM Revenue & Customs under the Coronavirus Job Retention Scheme (CJRS). The income is accounted for in the period in which the associated salary payments are made to furloughed staff.

Investment income

Investment income is accounted for as it accrues.

Rental income

Rents and service charges from lettings are recognised net of losses from voids. Income is recognised from the date the property is first let.

1.4 Expenditure

Costs of raising funds comprise those costs associated with attracting voluntary income and the management of the Charity's investments.

Costs of charitable activities consist of all expenditure directly relating to the objects of the Charity. Support costs that cannot be directly allocated are apportioned between the different areas on the basis of the Trustees' estimate of the time spent on the relevant functions.

Governance costs include expenditure on management and compliance with constitutional and statutory requirements and are now part of support costs.

Irrecoverable VAT is included with the category of expenses to which it relates.

1.5 Schools Building Programme

The Archdiocese assists schools undertaking major projects by meeting the costs and claiming grants on behalf of the schools. These grants are netted off against the cost and only the net costs to the Archdiocese are included in the financial statements.

1.6 Tangible Fixed Assets

Prior to 31 December 1996, the cost of fixed assets was written off in the year of acquisition and no comprehensive cost records were maintained. In order to arrive at a reasonable valuation of parish property, taking into account age, type, condition and life expectancy, the Trustees considered that the then insured values should be discounted by 90% and in subsequent years be depreciated at 2% per annum. Properties acquired after 31 December 1996 are capitalised at their actual cost of acquisition. The value of buildings includes all fixtures and fittings and organs, which form part of the fabric of the building. It has been agreed that the residual values of buildings held at 31 December 1996 were considered to be significantly higher than their carrying value in the accounts, resulting in an annual depreciation charge of nil.

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The Archdiocese owns a number of properties which are occupied and run by independent charities in the form of Voluntary Aided Schools. The School properties (land and buildings) are vested in the name of the CIO. The Archdiocesan Trustees cannot take a unilateral decision to dispose of these properties. Disposal can only occur if

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2020

the school governors and the Secretary of State for Education decide that all or part of a school site is no longer required for education. In most circumstances, where a disposal occurs, the Secretary of State or the local authority may be entitled to recoup grant. Although no rights of ownership vest in the school governing body, most other rights and obligations, such as for the maintenance and repair of the school and its facilities, are passed to the governors. The Trustees therefore consider that there is no capital value to the Archdiocese in the stock of school buildings. Thus, these properties have not been capitalised. There is a potential value, or contingent asset, in the event of a closure of a school (either connected to a re-organisation or not). Such an asset is recognised only upon the occurrence of a closure/re-organisation and the site's development value becoming certain, such as upon the granting of planning permission. The recognition of this value is accounted for as an incoming resource in the year in which this value becomes measurable and certain.

Equipment is not capitalised but written off as incurred. There may be some parish equipment included in the historic cost figures.

Depreciation is calculated by the straight-line method to write off the cost/value less anticipated residual value, over the expected useful lives of assets as follows: -

Freehold buildings	50 years
Long leasehold	50 years

1.7 Financial instruments

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and investments in stocks and shares. The measurement basis used for these financial instruments is detailed below.

1.8 Investments

Quoted investments are valued at their bid price on the balance sheet date. Properties held for investment purposes are included in these accounts at open market value. The valuation has been determined by the Trustees, with professional assistance with respect to properties both commercial and residential valued at £13.77m. Residential properties valued at £13.6m were valued internally. Details of the dates and basis of the valuations are given in note 9 to the accounts. Disposals of investment properties are accounted for on completion. Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and either their opening carrying value, or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value and the carrying value at year end. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Creditors

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Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2020

1.12 Fund accounting

Designated Funds

These are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or prospects.

Restricted Funds

These are funds where the income is restricted by the conditions imposed by the donors. Further details of the restricted funds are shown in note 14 to the accounts.

Parochial Funds

Each parish is considered by canon law to be a juridical person with corresponding rights and obligations, including the holding and use of funds. The use of these parochial funds is the responsibility of the parish priest, Archdiocesan Finance Committee, College of Consultors, and the Archbishop in varying ways depending on the amount and significance of the funds.

1.13 Pensions

Certain staff are members of personal pension schemes to which they make contributions. The Archdiocese contributes an additional amount to the employee's contribution but has no commitment to make good any shortfall in funding.

Some staff employed in the educational work of the Archdiocese are members of the Department for Education and Skills Teachers' Superannuation Scheme (TPA), which is a defined benefits scheme. The Department instructs the Archdiocese as to the level of employer's contribution, which the Archdiocese is obliged to make, but the Archdiocese does not have any commitment to make good an actuarial deficit, nor is it entitled to benefit from surplus funding. For the purposes of complying with relevant accounting standards, the TPA is accounted for as a defined contribution scheme as the employer is not responsible for or entitled to receive benefit for any deficit or surplus of the scheme.

1.14 Significant judgements

In preparing these financial statements the Trustees have had to make estimates and assumptions that affect the amounts recognised in these financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments are in the valuation of the charity's investment properties which were determined by the trustees with professional assistance and internal expertise; and in estimating the provision required with respect to a school building project which required additional funds to complete building in accordance with the plans.

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

2. INCOME

Investment Income and Interest Receivable

	2020	2019
	£	£
Arising on quoted investments	949,551	832,507
Bank interest	2,857	17,688
Other interest and investment income	28,252	113,768
	<u>980,660</u>	<u>963,963</u>

Other income

	2020	2019
	£	£
Parish and Commission recharges	478,189	393,353
Education income	162,425	60,431
Other income	276,072	-
Other parish income	357,292	-
	<u>1,273,978</u>	<u>453,784</u>

3. EXPENDITURE

	2020	2020	2020	2020
	Unrestricted	Restricted	Parochial	Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Raising Funds				
Investment Management Fees	75,814	28,511	28,511	132,836
Fundraising & Social	10,666	-	79,077	89,743
	<u>86,480</u>	<u>28,511</u>	<u>107,588</u>	<u>222,579</u>

	2020	2020	2020	2020
	Staff Costs	Other	Depreciation	Total
	£	£	£	£
Raising funds	-	222,579	-	222,579

Direct Charitable Expenditure

Costs in furtherance of objects (see also Note 5)	5,069,279	21,665,700	242,068	26,977,047
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5,069,279	21,888,279	242,068	27,199,626
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NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

3. EXPENDITURE(Continued)

	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Parochial Funds £	2019 Charitable Trading £	2019 Total £
Raising Funds					
Investment Management Fees	124,142	44,277	30,792	-	199,211
Fundraising & Social	52,008	-	23,896	-	75,904
	176,150	44,277	54,688	-	275,115

	2019 Staff Costs £	2019 Other £	2019 Depreciation £	2019 Total £
Raising funds	-	275,115	-	275,115
Direct Charitable Expenditure Costs in furtherance of objects (see also Note 4)	5,302,644	26,870,772	300,512	32,473,928
	5,302,644	27,145,887	300,512	32,749,043

Direct charitable expenditure includes:
Fees to the auditors (including VAT):

	2020 £	2019 £
- Audit	58,038	58,038
- Other	-	-
	58,038	58,038

4. EXPENDITURE ON CHARITABLE ACTIVITIES

Commissions consist of :

	2020 £	2019 £
Justice and Peace	-	21,309
Liturgy	-	2,500
Music	-	6,000
Ecumenical	11,484	11,484
Schools	915,690	909,009
Agency for Evangelisation and Catechesis (formerly Centre for Catholic Formation)	120,370	396,369
Other	8,049	8,049

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1,055,593

1,354,720

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

4. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	Unrestricted Funds £	Restricted Funds £	Parochial Funds £	Charitable Trading £	2020 Total £	2019 Total £
Provision of Worship						
Upkeep of Buildings:						
- Church Supplies	-	-	1,736,188	-	1,736,188	1,419,084
- Church Repairs	1,203,332	-	5,046,072	-	6,249,404	6,927,533
- Hall Expenses	-	-	278,378	-	278,378	501,876
- Other	(109,455)	-	(729,210)	-	(838,665)	256,722
Other Parish Expenses	-	-	1,445,553	-	1,445,553	738,466
Depreciation	13,918	6,052	298,527	-	318,497	300,512
Support Costs allocated	608,924	-	-	-	608,924	598,821
	1,716,719	6,052	8,075,508	-	9,798,279	10,743,014
Clergy & Parish Support						
Priests' Training	-	364,334	55,077	-	419,411	349,852
Clergy Support	560,684	1,487,168	-	-	2,047,852	1,901,463
Clergy & Church Support:						
- Household	-	-	1,730,650	-	1,730,650	1,164,264
- House Repairs & Equipment	48,122	-	97,427	-	145,549	1,591,983
- Salaries & Wages	-	-	2,700,496	-	2,700,496	2,816,481
- Property costs	-	-	754,966	-	754,966	2,793,977
- Offerings paid to Priests	-	-	1,569,018	-	1,569,018	2,053,157
- Other	183,021	-	-	-	183,021	194,391
Support Costs allocated	852,491	-	-	-	852,491	838,347
	1,644,318	1,851,502	6,907,634	-	10,403,454	13,703,915
Pastoral Care & Community Support						
Commissions (see above)	1,055,593	-	-	-	1,055,593	1,354,720
Safeguarding	266,440	-	-	-	266,440	181,262
Chaplaincies	143,748	-	-	-	143,748	195,608
Marriage Tribunal	109,657	-	-	-	109,657	185,986
Education & Training	-	1,868	76,270	-	78,138	353,211
Special collections for 3rd parties	38,564	-	456,555	-	495,119	1,547,534
Telephone, stationery & cars	-	-	845,585	-	845,585	1,119,058
Catholic Trust England & Wales	193,363	-	-	-	193,363	218,389
Other Grants	253,242	-	-	-	253,242	160,000
Youth Service	331,257	-	-	-	331,257	342,736
Support Costs allocated	365,353	-	-	-	365,353	359,291
	2,757,217	1,868	1,378,410	-	4,137,495	6,017,795
Schools Programme						
Schools building & maintenance	202,452	2,191,898	-	-	2,394,350	1,405,411
Bad Debt Provision	(243,670)	-	-	-	(243,670)	-
Support Costs allocated	487,139	-	-	-	487,139	479,056
	445,921	2,191,898	-	-	2,637,819	1,884,467

Charitable Trading Costs

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Centre for Catholic Formation	-	-	-	-	-	124,737
	<u>6,564,175</u>	<u>4,051,320</u>	<u>16,361,552</u>	<u>-</u>	<u>26,977,047</u>	<u>32,473,928</u>

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Parochial Funds £	2019 Charitable Trading £	2019 Total £
Provision of Worship					
Upkeep of Buildings:					
- Church Supplies		-	1,419,084	-	1,419,084
- Church Repairs	2,152,783	-	4,774,750	-	6,927,533
- Hall Expenses	-	-	501,876	-	501,876
- Other	256,722	-	-	-	256,722
Other Parish Expenses	-	-	738,466	-	738,466
Depreciation	13,918	6,052	280,542	-	300,512
Support Costs allocated	598,821	-	-	-	598,821
	<u>3,022,244</u>	<u>6,052</u>	<u>7,714,718</u>	<u>-</u>	<u>10,743,014</u>
Clergy & Parish Support					
Priests' Training	-	349,852	-	-	349,852
Clergy Support	1,218,293	683,170		-	1,901,463
Clergy & Church Support:					
- Household	-	-	1,164,264	-	1,164,264
- House Repairs & Equipment	48,122		1,543,861	-	1,591,983
- Salaries & Wages	-	-	2,816,481	-	2,816,481
-Property costs			2,793,977	-	2,793,977
- Offerings paid to Priests	-		2,053,157	-	2,053,157
- Other	183,021	11,370	-	-	194,391
Support Costs allocated	838,347	-	-	-	838,347
	<u>2,287,783</u>	<u>1,044,392</u>	<u>10,371,740</u>	<u>-</u>	<u>13,703,915</u>
Pastoral Care & Community Support					
Commissions (see above)	1,354,720	-	-	-	1,354,720
Safeguarding	181,262	-	-	-	181,262
Chaplaincies	195,608	-	-	-	195,608
Marriage Tribunal	185,986	-	-	-	185,986
Education & Training	-	9,412	343,799	-	353,211
Special collections for 3rd parties	212,067	-	1,335,467	-	1,547,534
Telephone, stationery & cars	-	-	1,119,058	-	1,119,058
Catholic Trust England & Wales	218,389	-	-	-	218,389
Other Grants	160,000	-	-	-	160,000
Youth Service	342,736	-	-	-	342,736
Support Costs allocated	359,291	-	-	-	359,291
	<u>3,210,059</u>	<u>9,412</u>	<u>2,798,324</u>	<u>-</u>	<u>6,017,795</u>
Schools Programme					
Schools building & maintenance	-	1,405,411	-	-	1,405,411
Support Costs allocated	479,056	-	-	-	479,056
	<u>479,056</u>	<u>1,405,411</u>	<u>-</u>	<u>-</u>	<u>1,884,467</u>

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Charitable Trading Costs

Centre for Catholic Formation	-	-	-	124,737	124,737
	<u>8,999,142</u>	<u>2,465,267</u>	<u>20,884,782</u>	<u>124,737</u>	<u>32,473,928</u>

NOTES TO THE ACCOUNTS (Continued) FOR THE YEAR ENDED 31 DECEMBER 2020

5. SUPPORT COSTS

	2020 £	2019 £
Diocesan Administration		
- General	903,669	888,676
- Staff Costs	840,634	826,687
Archbishop and Area Bishops costs	310,075	304,931
Depreciation	200,510	197,183
Governance costs	59,019	58,038
	<u>2,313,907</u>	<u>2,275,515</u>
Allocated as follows:		
	£	£
Expenditure on Charitable Activities		
Provision of Worship	608,924	598,821
Clergy and Parish Support	852,491	838,347
Pastoral Care and Community Support	365,353	359,291
Schools Programme	487,139	479,056
Charitable Trading Costs	-	-
	<u>2,313,906</u>	<u>2,275,515</u>

6. STAFF

The average number of employees of the Archdiocese during the year and their aggregate emoluments are shown below:

Staff Costs:	Archdiocese £	Parish £	Charitable Trading £	2020 Total £
Wages and salaries	2,152,485	2,464,589	-	4,617,074
Employers National Insurance	203,062	100,236	-	303,298
Pension costs	132,449	16,458	-	148,907
	<u>2,487,996</u>	<u>2,581,283</u>	<u>-</u>	<u>5,069,279</u>
Staff Costs:	Archdiocese £	Parish £	Charitable Trading £	2019 Total £

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Wages and salaries	2,292,725	2,582,337	-	4,875,062
Employers National Insurance	195,623	106,748	-	302,371
Pension costs	102,605	22,606	-	125,211
	<u>2,590,953</u>	<u>2,711,691</u>	<u>-</u>	<u>5,302,644</u>

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

6. STAFF (continued)

Average number of employees

	2020	2019
	Number	Number
Administration	18	20
Diocesan agencies	71	81
Parish employees (mainly domestic and secretarial)	297	307
Charitable trading	-	8
	<u>406</u>	<u>416</u>

The numbers of employees earning £60,000 or more during the year were as follows:

£120,001 - £130,000	-	1
£110,001 - £120,000	1	-
£90,001-£100,000	-	-
£80,001 - £90,000	1	1
£70,001 - £80,000	1	1
£60,001 - £70,000	1	-
	<u>=====</u>	<u>=====</u>

Key management personnel salary, employer's national insurance and pension contribution costs amounted to £409,800.

7. TRANSFERS FROM/ (TO) PARISH FUNDS

	2020	2019
	Total	Total
Clergy Support	410,315	131,853
Diocesan Development Fund	2,307,580	2,296,575
Episcopal Support	159,988	168,817
Net loan interest to parishes	(290,931)	(261,315)
	<u>£2,586,952</u>	<u>£2,335,930</u>

The transfers from parish funds represent charges made to the parishes for defraying central diocesan costs and supporting sick and retired clergy. The net loan interest represents interest paid by the Diocese to the parish on deposited funds.

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

8. TANGIBLE FIXED ASSETS

	Archdiocesan Property £	Parish Property And Equipment £	Total £
Cost/valuation			
At 1 January 2020	14,712,829	40,426,910	55,139,739
Additions	586,399	645,273	1,231,672
Disposals	(929,646)	-	(929,646)
Transfer to investment property	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	14,369,582	41,072,183	55,441,765
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2020	3,004,244	13,116,728	16,120,972
Charge in year	262,038	298,527	560,565
Disposals	(147,514)	-	(147,514)
Transfer to investment property	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,118,768	13,415,255	16,534,023
	<hr/>	<hr/>	<hr/>
Net Book Value			
As at 31 December 2020	£11,250,814	£27,656,928	£38,907,742
	<hr/>	<hr/>	<hr/>
Net Book Value			
As at 31 December 2019	£11,708,585	£27,310,182	£39,018,767
	<hr/>	<hr/>	<hr/>

The Archdiocese also owns a number of properties, which are occupied and run by independent charities in the form of Voluntary Aided Schools. The Trustees consider that these properties have no capital value to the Archdiocesan Charity – see Accounting Policy 1.6. The total insurance value of these schools is £218m. Apart from a small proportion used for management and administration, all fixed assets are used in direct furtherance of the Charity's objects.

The Archdiocesan property includes long leaseholds at a cost of £3,165,816 and at a net book value of £2,567,235

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

9. INVESTMENTS

	2020	2019
	£	£
Investment properties		
Brought forward	17,995,000	17,610,000
Additions	-	-
Transfer from fixed assets		
Disposals	(635,000)	63,087
Revaluation	10,040,350	321,913
	<u>27,400,350</u>	<u>17,995,000</u>
Quoted investments (see below)	33,139,881	28,972,029
	<u>60,540,231</u>	<u>46,967,029</u>

	2020	2019
	£	£
The breakdown of quoted investments is as follows:		
UK fixed interest stocks	-	-
UK equities	4,116,886	4,014,712
Overseas equities and fixed interest stocks	22,388,377	18,365,797
Corporate and government bonds	2,700,450	2,394,555
Commodities	715,020	625,671
Other	2,681,072	2,740,577
Portfolio bank accounts	538,076	830,717
	<u>33,139,881</u>	<u>28,972,029</u>

	2020	2019
	£	£
Quoted investments at market value:		
Opening balance at 1 January 2020	28,972,029	24,545,439
Additions	4,979,314	22,490,561
Disposals	(6,232,221)	(23,906,021)
Gains/(losses)	5,420,759	5,842,050
	<u>£33,139,881</u>	<u>£28,972,029</u>
Balance at 31 December 2020	<u>£33,139,881</u>	<u>£28,972,029</u>
Cost of investments at 31 December 2020	<u>£28,046,296</u>	<u>£28,529,994</u>
Unrealised gains on original cost	£5,083,595	£442,035

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

9. INVESTMENTS (Continued)

All quoted investments (other than cash) are listed on a recognised Stock Exchange or are valued by reference to investments listed on a recognised Stock Exchange. There are no investments representing more than 5% of the portfolio value.

A figure for the cost of investment properties owned at 1 January 1997 is not available.

Certain investment properties both residential and office have been valued by independent valuers – staff of Gerald

Eve LLP who are all MRICS and RICS Registered Valuers all of whom have recent experience of valuing such properties. One property has a protected tenancy and has been valued taking into consideration this restriction. These investment properties were valued at £13.77m.

The other investment properties were valued internally based on market information. These were all residential properties. These properties were valued at £13.63 m.

SUBSIDIARY COMPANIES

The Charity owns 100% of the Issued share capital in St George's Cathedral Car Park Limited. The company had net assets of £2,465 at 31 December 2020. The Charity owns 100% of the Issued share capital in RCAOS Property Services Limited. The company had net assets of £80,390 at 31 December 2020. The subsidiary undertakings are excluded from consolidation as they are not material when taken together for the purpose of giving a true and fair view.

10. DEBTORS

	2020	2019
	£	£
Grants due on school projects		723,432
	1,065,562	
Other debtors, prepayments and accrued income	2,399,370	2,124,113
Charitable trading debtors	-	9,137
	<hr/>	<hr/>
	3,464,932	2,856,682
	<hr/>	<hr/>

Included in other debtors, prepayments and accrued income are balances totalling £627,224(2019- £1,023,945), which are due after one year.

11. CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Loans to the Archdiocese and Parishes from third parties	297,000	244,000

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Other creditors		4,176,232
	7,218,232	
School Building Projects	4,925,339	1,618,631
	<u>12,440,571</u>	<u>6,038,863</u>

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

12. UNRESTRICTED FUNDS

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers and Investment Gains/Losses £	Balance at 31 December 2020 £
General	<u>5,898,188</u>	<u>2,663,295</u>	<u>(6,650,655)</u>	<u>5,722,508</u>	<u>7,633,336</u>
	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers and Investment Gains/Losses £	Balance at 31 December 2019 £
General	<u>7,742,125</u>	<u>2,927,785</u>	<u>(9,300,029)</u>	<u>4,528,307</u>	<u>5,898,188</u>

General

The General Fund represents the free reserves of the Charity.

13. PARISH FUNDS

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers and Investment Gains/Losses £	Balance at 31 December 2020 £
Parish Funds	<u>69,378,098</u>	<u>21,276,753</u>	<u>(16,469,140)</u>	<u>7,553,723</u>	<u>81,739,434</u>
	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers and Investment Gains/Losses £	Balance at 31 December 2020 £
Parish Funds	<u>68,881,998</u>	<u>23,600,611</u>	<u>(20,939,470)</u>	<u>(2,165,041)</u>	<u>69,378,098</u>

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

14. RESTRICTED FUNDS

	Balance at 1 January 2020 £	Incoming Resources £	Resources Expended £	Transfers and Investment Gains/Losses £	Balance at 31 December 2020 £
Ecclesiastical Education	2,899,133	61,397	(372,030)	426,306	3,014,806
Clergy Support Fund	1,157,295	332,392	(1,487,168)	506,368	508,887
Ferrers Funds	643,235	18,923	(20,673)	136,130	777,615
Mass Funds	1,850,997	1,252	(571)	85,000	1,936,678
Parish Church Fund	52,622	-	-	-	52,622
Trust and Other Funds	3,067,479	124,558	(7,491)	(118,161)	3,066,385
Legion of Mary Fund	236,053	-	-	-	236,053
Education Fund	3,943,685	-	(2,191,898)	-	1,751,787
	<u>13,850,499</u>	<u>538,522</u>	<u>(4,079,831)</u>	<u>1,035,643</u>	<u>11,344,833</u>

	Balance at 1 January 2019 £	Incoming Resources £	Resources Expended £	Transfers and Investment Gains/Losses £	Balance at 31 December 2019 £
Ecclesiastical Education	2,828,767	115,218	(349,842)	304,990	2,899,133
Clergy Support Fund	681,153	798,371	(683,170)	364,941	1,157,295
Ferrers Funds	541,088	18,922	(11,909)	95,134	643,235
Mass Funds	1,844,704	42,484	(42,484)	6,293	1,850,997
Parish Church Fund	52,622	-	-	-	52,622
Trust and Other Funds	2,898,380	73,513	(16,728)	112,314	3,067,479
Legion of Mary Fund	233,716	2,337	-	-	236,053
Education Fund	63,118	5,285,978	(1,405,411)	-	3,943,685
	<u>9,143,548</u>	<u>6,336,823</u>	<u>(2,509,544)</u>	<u>879,672</u>	<u>13,850,499</u>

Ecclesiastical Education

This fund meets the costs of students at Seminaries training to be priests for the Archdiocese and ongoing training for Clergy.

Clergy Support Fund

A legacy specifically restricted to helping clergy in need has been invested and the income is applied to the Clergy Support Fund. This income is insufficient to meet the needs of the Fund. As annual expenditure is invariably

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

14. RESTRICTED FUNDS (Continued)

Clergy Support Fund (Continued)

considerably in excess of the income generated and is met from a specific parish assessment and allocations from Unrestricted Funds, all the income and expenditure is shown in the Unrestricted Funds column of the Statement of Financial Activities. The Fund also received £261,460 arising from the Clergy Support Fundraising Campaign and all of this was expended in the period in supporting the Archdiocese's sick and retired priests.

Ferrers Fund

The Archdiocesan Charity Trustees took over the administration of the Vyvyan Macleod Ferrers Deceased Almshouses Trust (former registered Charity number 265719) under a Charity Commission Scheme dated 24 February 2011.

Under the terms of the Scheme the property of the Fund is to be used for the public benefit:

- (a) To provide adapted accommodation for the beneficiaries: and/or
- (b) To make grants to the beneficiaries for goods and/or services;

In carrying out these objects the Trustees shall take all reasonable steps to ensure that the beneficiaries have their spiritual needs recognised and supported

Mass Funds

Income received on investments provided by donors is paid to priests who offer Masses for the intentions of the donors.

Trust and Other Funds

The Archdiocese has a number of subsidiary and connected trust funds as well as some 22 other restricted funds, which have been received over many years from donors who have specified particular purposes for the funds.

Education Fund

This fund represents the net proceeds of sale from schools that have been closed. The funds will be allocated to the cost of building new schools.

Legion of Mary Fund

These funds are held on trust for the Legion of Mary's purposes or, if the Legion shall cease to exist or to carry out any charitable works in the area of the Archdiocese of Southwark, then for such similar charitable purposes to the Legion's Purposes, as the Trustees of the Archdiocese of Southwark shall decide.

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

15. ANALYSIS OF NET ASSETS

	Fixed Assets £	Investments £	Net Current Assets less loans £	Net Parish and Restricted Fund loans to the Diocese £	Total as at 31 December 2020 £
Unrestricted Archdiocesan funds	10,753,619	28,813,962	(3,704,124)	(28,230,121)	7,633,336
Restricted Archdiocesan funds	497,195	7,610,855	2,300,079	936,704	11,344,833
Parish funds	27,656,928	24,115,414	2,673,675	27,293,417	81,739,434
Total Net Assets	£38,907,742	£60,540,231	£1,269,630	£-	£100,717,603
	Fixed Assets £	Investments £	Net Current Assets less loans £	Net Parish and Restricted Fund loans to the Diocese £	Total as at 31 December 2019 £
Unrestricted Archdiocesan funds	11,211,390	27,337,123	(7,411,928)	(25,238,397)	5,898,188
Restricted Archdiocesan funds	497,195	7,217,968	5,198,632	936,704	13,850,499
Parish funds	27,310,182	12,411,938	5,354,285	24,301,693	69,378,098
Total Net Assets	£39,018,767	£46,967,029	£3,140,989	£-	£89,126,785

Total net current assets (including cash reserves) amounted to £2.13.3m (2019 £3.1m). This is represented by Parish net current assets worth £2.7m (2019 £5.4m) and central Archdiocesan funds having net current liabilities of £0.6m (2019 £2.3m) of which the unrestricted funds were £3.7m in deficit (2019 £7.5m).

16. TRANSACTIONS WITH TRUSTEES

Some of the Trustees of the Archdiocese (“Clerical Trustees”) are also priests in the Archdiocese conducting pastoral ministries. As priests they receive income in respect of their priestly work together with living accommodation, living expenses and reimbursement of costs on a similar basis as other priests of the Archdiocese. They do not receive any remuneration or benefits from their trusteeship.

The remaining Trustees (“Lay Trustees”) did not receive any remuneration or other benefits in the year ended 31 December 2020 nor for the year ended 31 December 2019. No Lay Trustee was paid any expenses in 2020 or 2019.

17. TRUSTEE INDEMNITY INSURANCE

The insurers of the Archdiocese provide Trustees’ indemnity insurance at nil premium.

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEARENDED 31 DECEMBER 2020

18. COMMITMENTS

At 31st December 2020, the projects for the School Building Programme had a budget cost going forward of £1.23m (2019 £2.84m) for the following twelve months. Of this sum, £1.11m (2019 £2.49m) is due to be funded by DFE grant, £0.12m (2019 £0.56m) will be recoverable from Governing bodies or other parties leaving £Nil (2019 £Nil) to be met by the Archdiocese over the next three years.

19. RELATED PARTY TRANSACTIONS

The Most Reverend John Wilson and The Reverend Monsignor Matthew Dickens VG, two of the Trustees are members of Kent Catholic Schools Partnership (KCSP). A credit facility was provided to KCSP. The balance due from KCSP at 31 December 2020 is £447,155 (2019- £465,655). No interest is charged on this facility

The Most Reverend John Wilson and The Reverend Monsignor Matthew Dickens VG, two of the Trustees, are members of St Matthew Academy. No payments were made to St Matthew Academy in 2020 (2019- £Nil). The balance due at 31 December 2020 and 31 December 2019 was £Nil.