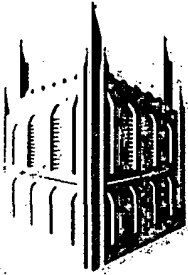


FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



HEREFORD CATHEDRAL

PERPETUAL TRUST

REGISTERED COMPANY NUMBER: 03123592 (England & Wales)
REGISTERED CHARITY NUMBER: 1051168



THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIR'S REPORT

This is my third report to the Governors since being elected Chair of the Hereford Cathedral Perpetual Trust ("the Trust"). As I write, we seem to have come to terms with Covid though its impact is still out there. In the forefront of our minds, it has been replaced by the horror of the war in Ukraine and the return of inflation - another set of unpredictable events both of which are causing human misery.

In such times, the constant rhythm of the spiritual comfort that the Cathedral offers is more important than ever. Financially, the Chapter of the Cathedral have benefitted from public funds alongside support from its supporters and the Trust so that the last two years have seen it weather the financial storm well. It remains to be seen how things fare in the current year as such funds dry up and the Cathedral goes back to relying on its traditional support.

The core purpose of the Trust is to build a Capital Fund, (a quasi-endowment fund but without the restrictions of a true endowment) that is invested to produce income, after the Trust's cost, to make grants to the Chapter of Hereford Cathedral ("Chapter"). The grant is supplemented by net income from events, by annual fund-raising run by The Trust and other initiatives.

Although the Trust's charitable objectives specifically refer to the maintenance of the choral tradition of the Cathedral, much of the grant is unrestricted and can be used by Chapter as needed.

The Trust also plays a lead role in the funding of fabric projects.

The Trust has had another good year, increasing its net assets from £5,282,964 to £5,903,673. The following table sets out the high-level breakdown of the financial performance for the year ended 31 December 2021 with comparatives for 2020 shown in smaller type and italics below each figure.

The Trust has a policy of taking up to the first £10,000 of any legacy to income to help pay for its running expenses. Legacies are, by nature, unpredictable and both 2020 and 2021 were quiet. 2022 will show a different story thanks to the great generosity of Benefactors.

Annual donations were adversely affected by Covid but Government grants made this up.

Sadly, the impact of Covid continued to prevent the Trust holding events for a second year in 2021, other than the Advent in London Service at The Guards Chapel. The contributions people made are technically donations so are not shown as event income.

2021 saw the tail end of the Eastern Cloisters project, hence the drop in fabric income and expense. The Trust has historically been involved in such larger projects. At the moment, there are no big projects underway but an ancient Cathedral like Hereford always has a large pipeline of vital repairs.

Year by year, the investment income increases as the endowment builds. This is the core purpose of the Trust.

The apparent drop in grants to Chapter is correct in accounting terms but misleading in practice. Chapter benefited from a further £100,000 fee for the loan of the Hereford Magna Carta to the Museum of the Bible in Washington, DC. This was arranged by the Trust but was invoiced by Chapter as they are they are required to pay VAT on the loan fee.

The Administration fee reflects investment in what we hope will be a great event in 2023 for our overseas friends.

2021 saw a considerable increase in the value of the endowment through capital gains. This has settled back a little in 2022. Given the uncertainty of the investment environment as part of the wider sad picture, this must be an area of risk.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIR'S REPORT (continued)

Figures - Year ended 31 December 2021 (figures in italic are YE 31 December 2020)

	Unrestricted £	Restricted Choral £	Restricted Fabric £	Restricted Education £	Total 2021 £	Total 2020 £
Income						
Legacies	8,241	1,000	-	-	9,241	
	<i>22,000</i>	<i>20,024</i>			-	<i>42,024</i>
Annual donations	84,260	24,450	1,099	15,443	125,252	
	<i>186,265</i>	<i>72,795</i>	<i>35,125</i>	<i>11,360</i>		<i>305,545</i>
Covid Grants	86,450	-	-	-	86,450	
	<i>20,706</i>				-	<i>20,706</i>
Events	-	-	-	-	-	
	<i>696</i>				-	<i>696</i>
General grants	29,250	77,700	86,304	-	193,254	
	<i>5,033</i>	<i>69,500</i>	<i>574,190</i>			<i>648,723</i>
Investment Income	157,600	30,470	-	-	188,070	
	<i>136,482</i>	<i>30,695</i>				<i>167,177</i>
Other income	4,161	-	-	-	4,161	
Total Income	369,962	133,620	87,403	15,443	606,428	
	<i>371,182</i>	<i>196,014</i>	<i>606,315</i>	<i>11,360</i>		<i>1,184,871</i>
Expenditure						
Grants to Chapter	60,000	174,000	134,632	12,000	380,632	
	<i>102,000</i>	<i>189,128</i>	<i>674,190</i>	<i>12,000</i>		<i>977,318</i>
Administrative costs	141,769	2,026	-	-	143,795	
	<i>142,649</i>	<i>2,091</i>				<i>144,740</i>
Total expenditure	201,769	176,026	134,632	12,000	524,428	
	<i>244,649</i>	<i>191,219</i>	<i>674,190</i>	<i>12,000</i>		<i>1,122,058</i>
Capital						
Legacies received	-	40,017	-	-	40,017	
	<i>816,571</i>	<i>11,800</i>				<i>828,371</i>
Unrealised gains/(losses)	429,592	69,099	-	-	498,691	
	<i>104,406</i>	<i>33,439</i>				<i>137,845</i>
Fund transfers	-	-	-	-	-	
	<i>(640)</i>			<i>640</i>		
Total capital movement	429,592	109,116			538,708	
	<i>920,337</i>	<i>45,239</i>		<i>640</i>		<i>966,216</i>
Fund transfers						
Total Movement	637,802	66,710	(47,229)	3,443	620,709	
	<i>1,046,870</i>	<i>47,034</i>	<i>35,125</i>	<i>(640)</i>		<i>1,029,029</i>
Net asset value at 1 Jan					5,282,964	4,253,935
Net asset value at 1 Dec					5,903,673	5,282,964

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHAIR'S REPORT (continued)

We are very grateful to all who give to the Trust, both to the Income and Capital funds and we remember with gratitude those who have left such generous legacies.

We welcome two new Trustees, the new Dean, Sarah Brown and Nick Harvey

Sarah became Dean of Hereford in October 2021. She comes to us from Peterborough Cathedral where she was Canon Missioner, Prior to ordination, Sarah read German at the University of Nottingham and then worked in corporate sales and marketing, including Proctor and Gamble and CCN marketing (now Experian) before starting a consultancy advising small businesses. She was Chief Executive of Farm Crisis Network between 2007 and 2011, during which time she studied theology and served her curacy. Since then, she has been a Team Vicar and Rural Dean. She has had a wide range of responsibilities and number of different Trusteeships.

Nick started his career at Allied Breweries. He was soon in a partnership building a communications Company, MMM Live, which had a client base of large companies. It was bought by Grass Roots Meetings and Events, a subsidiary of WPP in 2008. He continued with Grass Roots until he worked pro-bono for Concern Universal, a Hereford based humanitarian charity focused mainly on Sub-Sahara Africa. Subsequently he joined DRP, a large live communications company. He became a Canon and member of the Hereford Cathedral Chapter in 2018 which continued to 2021. Thus, he knows the Cathedral well.

We say goodbye and thank you to three Trustees, the Very Revd Michael Tavinor, Tania Hudson and the Revd Canon Andrew Piper.

Tania was Finance Director and Interim Chief Executive of the Hay Festival. She has decided to take up a new challenge outside Herefordshire which made continuing as a Trustee of the trust impossible. She was a source of invaluable advice in her time as a trustee and we shall miss her.

Andrew became a Trustee as acting Dean between the retirement of the previous Dean, Michael Tavinor and the appointment of the new Dean who, under the memorandum and articles of the Trust, becomes a Trustee by right of her post. Therefore, Andrew ceases to be a Trustee; however, he remains Precentor of the Cathedral and will continue to attend most meetings of the Trust.

In the Chief Executive's report which immediately follows, Glyn Morgan gives further detail of what was achieved in 2021 and expectations for 2022 and beyond.

Nat Hone DL
Chair

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHIEF EXECUTIVE'S REPORT

As most charities will be reporting, 2021 was a challenging year and one in which any forward planning was constantly a guessing game of how the Covid pandemic would develop, how Government and other regulations would change, often with short or no notice, and the changing attitudes of the general public and staff to risk and which changed across the generations. This was additionally challenging in an organisation where there was only one staff member and their need to isolate or be off sick could have a considerable impact, both short and long term.

However, despite these challenges, the Trust still met its financial commitments to Chapter and provided £480,362 of funding in revenue support, which included £100,000 fee for the loan of the Magna Carta which was arranged by the Trust. Support of £134,632 was given for fabric projects.

Trustees were delighted to be able to contribute an additional £50,000 to Chapter at the start of 2021 to meet the challenges of Covid and a further £45,000 to the cost of the Deanery works.

Part of sustaining of the revenue stream was the receipt of two emergency grants, for which we are most grateful. The Department for Digital, Culture, Media and Sport, through the Arts Council, had agreed a grant, split between the 2020 and 2021 financial years of £127,000 (£63,500 per financial year). The Cathedral Music Trust also supplied an emergency revenue grant of £35,650. The funding meant the reserves were protected, which in themselves provided important investment income. The support also allowed the Trust to be able to give the Chapter an indication of the revenue grants for 2022.

The Cloister project, restoring the eastern range and the covered walkway, along with improving the facilities for the choristers, was completed despite the challenges for Chapter of running a major building project during Covid lockdowns. As to lever the external funding, trustees had agreed to draw down funds from the capital account to fully fund the project. Fortunately, due to some additional funding after works had started and more VAT reclaimed by Chapter than anticipated, only around two-thirds of the pledge had to be drawn down.

We are grateful to the National Lottery Heritage Fund and their staff for the tremendous support we received with the Cloister project as, working alongside Chapter, large parts of the building works and engagement programme had to be reconfigured.

Progress on the North Door and the Font are still delayed while difficult issues to do with design are negotiated. Focus has been elsewhere during the pandemic.

Every year there have been conversations between the trustees and the auditors regarding when legacies, specifically residuary, are recognised in our accounts. The trustees have debated the subject over a period of time, including seeing how inaccurate figures from the solicitors has an impact on our accounts and have confirmed that they only wish such income to be treated as income on the date of receipt. If the date should be between the end of the financial year and the publication of the draft accounts, they are willing to consider their inclusion in the previous year's accounts on individual basis. Obviously, specific gifts do not cause such an issue unless the gift fails.

Finally, after another challenging year may I record my thanks to all those who have supported the Trust financially over the past year. Despite Covid and restricted staffing, we have still been able to meet our revenue commitments to Chapter, complete the funding for a major project and build the capital fund. One of the original aspirations of the Trust was to create an 'endowment' to secure the cathedral's financial and pastoral future. I am delighted that we have made great progress towards this goal because of the generosity of so many

I also record my thanks to trustees, Chapter and Trust colleagues and to all those in the wider community who have given us support, counsel and done 'hard graft' for us during 2021 and throughout the past 25 years. It is never taken for granted. Thank you.

Glyn Morgan MBE
Chief Executive

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES REPORT

The Trustees, who are also Directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2021. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition, issued in October 2019).

"The Trust" throughout this report refers to the Hereford Cathedral Perpetual Trust being both a registered company and registered charity, on whose affairs for the year ending 31st December 2021 is the subject of this report.

The Trust is registered with the Fundraising Regulator and is a corporate member of the Institute of Fundraising. The Chief Executive is also a member of the Institute.

CHARITABLE OBJECTIVES

The object for which the Trust was established is set out in clause 3 of the Memorandum of Association.

Clause 3 reads as follows (some punctuation added for clarity):

The object for which the Trust is established is to promote the religious and charitable work of the Church of England by providing support for all or any of the charitable purposes to which the capitular revenues of the Chapter of the Cathedral Church of the Blessed Virgin Mary and St Ethelbert in Hereford ("the Cathedral") are applicable including especially:

- 3.1 The promotion and maintenance to a high standard of choral services of the Church of England in the Cathedral (whether simple or elaborate) in such ways as the Board of Governors in its absolute discretion think fit including (but without prejudice to the generality of the foregoing); promotion of religious, musical and secular education of pupils attending any school in which the doctrines of the Church of England is given and performance of the choral services of the Church of England is observed; and also the repair, maintenance and renewal of the organs of the Cathedral the acquisition and maintenance of its musical books and manuscripts; and the employment of all staff including lay clerks, in connection with the Choral Services of the Cathedral; and
- 3.2 The preservation, maintenance and development of the Cathedral generally.

The Board has agreed the following more detailed definition of education object set out in the Memorandum of Association:

To support the educational and interpretational work of the Cathedral amongst people of all ages, in all areas of its mission and ministry, using the resources of the whole Cathedral Foundation.

This would include, but not exclusively, work with schools, colleges and universities; adult education, Sunday School, individuals, family groups, visitors and pilgrims; creating access and opportunities in the Library and Archives and associated exhibition; providing interpretative materials in promoting the cathedral and its mission; and relating Christianity to contemporary society.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

OPERATIONS

The Trust fulfils its charitable objective by the provision of funding and services to the Cathedral Chapter. The Cathedral Chapter is the legal entity and also its group of the equivalent of Trustees, which own and are responsible for the Cathedral and associated properties. Their charitable objective is to proclaim the Gospel of Christ in the City and Diocese of Hereford and in the wider world, by serving and inspiring all those who encounter the Cathedral and its community.

The Trust provides funding and services in the following ways:

The Trust is building a long-term investment fund (the "Capital Fund", intended to operate as a quasi-endowment) the income from which will provide a stable income to the Trust. This will contribute to a revenue surplus that can be granted to the Cathedral Chapter. Additions to the long-term investment fund come mainly from legacies and gifts. The Trust operates a policy of taking the first £10,000 of any legacy as revenue and adding the rest to the Capital Fund unless the donor has specified otherwise.

The Trust is very grateful to its regular donors. It seeks to grow the number of donors and ensure that donors are properly informed on how their donation is used and feel part of the Cathedral community.

The Trust holds events to raise money for the revenue account. It also provides assistance to Chapter for its own fundraising.

The Trust provides a service to Chapter by leading on fundraising and grant applications for a wide variety of Cathedral capital/fabric projects. The Trust is not responsible for the execution of fabric projects. Building contracts are entered into by Chapter. The Trust is responsible for fulfilling the requirements of the funders of the project, particularly the Heritage Lottery Fund.

The Trust also helps to raise the profile of the Cathedral and its works to the wider community, both nationally and internationally. As a result, Hereford Cathedral has supporters all around the world. The Trust organises the use of its assets, such as its magnificent choir and its 1217 Magna Carta, on visits that help raise funds, both directly and as a result of raising the profile, for the Trust and Chapter.

The Trust provides other assistance to Chapter including supporting project development, crafting projects suitable for external funding and in promoting the Chapter's activities and own programmes through Out of the Cloisters. The Trust continues to maintain close relations with other cathedrals, national bodies involved in the management of cathedrals, heritage organisation, government, Whitehall and various Royal Households

The Trust in partnership with the Chapter agrees an annual funding plan. This includes revenue support of the Choral Foundation and Education Department, along with unrestricted funding in support of staff and core revenue costs, with the goal of maintaining if not increasing this support in the future.

Funding for capital projects (which may pass through the Trust's account or may be paid directly to Chapter depending on the donor) is only confirmed when the full funding package is secured, or at least for a definable phase. Some grants, particularly those associated with the National Lottery Heritage Fund also contains funding for substantial amounts of educational work.

The Trust also finds funding for Cathedral events. In general, these will be smaller sums (less than £10,000) and the entire sum, other than clearly identifiable costs, is passed onto the Chapter. Such a case is the grant from the W A Cadbury Charitable Trust in support of the annual Holy Week performance of one of J S Bach's Passions, though in 2021 this independent grant was incorporated into the main choral grant with an expectation of a Holy Week 2021 performance or an appropriate variation depending on the then regulations.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

POLICIES

Investment

The Trustees have wide powers of investment. Since 1998, its investments have been managed by Cazenove Capital, a trading arm of Schroder & Co. Limited, on a discretionary basis. Rather than running a discrete portfolio of directly held investments, the Trustees agreed with Cazenove that the funds should be invested in co-mingled funds managed by Cazenove suitable for charities and held for the long-term.

The Trust invested in one such funds during the financial year:

The Cazenove Responsible Multi-Asset Fund (RMAF) opened in February 2020.

RMAF aims to provide aims to provide income and capital growth in excess of the Consumer Price Index +4% per annum (net of fees) over rolling ten-year periods, but with strict ESG policies. RMAF is also designed specifically for charities and is authorised and approved by the Charity Commission. The Fund currently has exposure to 23 underlying holdings. The Fund has an explicit responsible investment policy, with screening aligned with common charity concerns and environmental, social and governance analysis, engagement and voting embedded into the equity investment process.

Cash awaiting disbursement for major projects is held in a number of interest-bearing bank accounts or in a suitable cash fund, as appropriate, normally with the Church of England's Central Board of Finance.

Cazenove Capital and Schroders have a dedicated and well-resourced responsible investment team. They have achieved an A+ rating from the UN Principles for Responsible Investment (PRI) in each of the last five years. Schroders are a special adviser to the Carbon Disclosure Project; a founding member of the institutional investor group on climate change; a member of the UK Sustainable investment and finance association and the European Sustainable Investment Forum. All investments in companies made by Cazenove on behalf of the Perpetual Trust are subject to their rigorous responsible investment and corporate governance policies. Both academic research and our own experience show that strong ESG management often delivers superior long-term returns. The appraisal of ESG factors is integrated in our stock and fund selection process.

Cazenove's corporate governance and responsible investment functions have been in existence since 1998. A dedicated section of their website sets out related policies, voting records, research reports and responsible investment reviews.

For further information on responsible investment, please go to <https://www.schroders.com/en/sustainability/corporate-responsibility/>. For more information on the RMAF, please go to <https://www.cazenovecapital.com/uk/charities/our-funds/>.

Trustees monitor long-term performance carefully. At least once a year, representatives of the Trustees meet with the advisors along with representatives of the Mappa Mundi Trust, who also use Cazenove Capital and with the Chapter, who are also trustees of two other charities, and their separate advisors. Representatives of the diocesan investment committee are also invited as are trust representatives to the diocese review meeting. This enables trustees to review the performance of its investments compared to other investment managers.

In early 2021 the CMAF fund was transferred to the RMAF in whole due to the latter funds' improved performance and even stronger ECG policies.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

POLICIES (Continued)

Public benefit

As a charity registered in England and Wales, the Trust reports in accordance with the Charity Commission for England and Wales' guidance on public benefit and the Charities Act 2011.

The Trust has continued to work closely with the Chapter and funding has been provided to support the Choral Foundation, educational work of the Chapter and a number of fabric projects.

All the projects have included the engagement of the general public, as well as helping to protect our shared heritage.

Volunteers

When regulations allow, the Trust uses volunteers in two ways. Members of the Trustee body provide strategic, management, financial and other expertise, joined by other members of the Board of Governors and co-opted individuals in different areas of the Trust's work. A wider base of volunteers helps with, various fundraising events.

Fundraising

The charity fundraises primarily through institutions, trusts and foundations together with event-based fundraising and some individual donations. The charity does not engage in cold-calling or street-based fundraising or use third party fundraisers and all activities undertaken are directly monitored and controlled by the charity's staff. It has not received any complaints in the year in connection with the propriety of its fundraising. The charity is aware of the need to protect potentially vulnerable donors and in the small number of cases where this is applicable it does so through their families.

The Trust is registered with the Fundraising Regulator and is a corporate member of the Institute of Fundraising. The Chief Executive is also a member of the Institute.

Legacies

Subject to any specific wishes connected with a bequest, the first £10,000 of any legacy will be retained in order to meet the costs of running the legacy programme and in meeting any immediate financial needs. The balance will be invested in the Capital Fund under the guidance of the Investment Managers in consultation with the Trustees.

Any legal restriction on a bequest will be honoured, although should there be concern over the nature or the extent of the restriction and whether the Trust can honour the conditions, this will be clarified with the Executors before the gift is deposited. In the event of a bequest being received with conditions laid out in a Letter of Wishes, this will be honoured as far as possible by the Trustees and the Executors kept informed.

The legacy programme manages the relationship with potential benefactors, appropriate professionals and the Executors and families of those individuals from whom we have received bequests.

The Chief Executive is a member of the Church House Good Legacy Practice Group, which provides policy, best practice advice, theological thinking and practical support to diocesan funding officers and the church in general. The group of a dozen members meets up to three times each year.

Reserves

The Trust holds total funds of £5.9m, of which £0.8m are restricted for specific purposes whereas the balance of £5.2m is both unrestricted and largely held in investments which are relatively liquid.

The policy of the Trustees is to build up a Capital Fund with a view to the fund providing an increasing amount of reliable income over the long term. The Trustees have designated the invested unrestricted funds to reflect this intention. The balance of the unrestricted funds represents operational working capital.

The Trustees are content with the fund position and the designated fund is held in relatively liquid investments hence could be called upon in the event of any short-term reduction in working capital. For that reason, the Trustees consider a small unrestricted working capital balance to be adequate.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ACHIEVEMENT AND PERFORMANCE

Reserves

It should be noted that the net current asset position at 31 December 2021 included accrued income from Cazenove of £53,500.

Legacies

A total of £50,000 was recognised in the form of known legacies, of which £40,000 was added to the Capital Fund and £10,000 was taken to the revenue account

The Trust is very grateful to have the following legacies from the following estates:

- The late Mrs Bridget Eastaugh, (choral)
- The late Mr Roy Alistair Stanier (choral)

There were no legacies accrued at the end of the financial year.

Substantial gifts

We are grateful to the following trusts, foundations and companies for their generosity.

Cathedral Music Trust
The Croft Trust
The Elmley Foundation
The Gilander Foundation
The Hawthorne Charitable Trust
The Leadership Trust Foundation
The Louis Nicholas Residuary Charitable Trust
The McCorquodale Charitable Trust
The Mumford Memorial Trust
The Pilling Trust
The Rowlands Trust
The Willing Adlington Cadbury Trust
Clive and Sylvia Richards Charitable Trust
GM Morrison Charitable Trust
Gerefa Charitable Trust
Hawkwood International Ltd
Museum of the Bible
National Lottery Heritage Fund
Pontrilas Developments Ltd
SR & PH Southall Charitable Trust
Tabor Charitable Trust
The Burley Weydon Trust
The Claire Hunter Charitable Trust

Investment Performance

The market value of the Trust's investment portfolio (including cash held for investment) at 31st December 2021 amounted to £5,541,010 (2020 £4,303,751).

In November 2020 it was agreed, at the start of the new financial year, to move the CMAF holding into the RMAF fund due to its marginally better performance and explicit responsible investment policy. This was completed by the end of February and all costs completed by the end of Q1 2021

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Significant in-kind support

Due to the Covid restrictions, neither of the events normally supported by Cotswold BMW & Mini Hereford were possible, though their continued commitment to the Trust is gratefully acknowledged.

FINANCIAL REVIEW

Details of the financial performance and financial position of the Trust are set out in the following accounts on pages 19 to 36.

For the year ended 31 December 2020, net income amounted to £620,709 (2020 £1,029,029). Funding amounting to £480,632 (2020-£977,318) were made during the year.

In 2020 the Trust's gross income was £646,445 (2020 £2,013,242), including legacies of £49,260 (2020 £870,395).

Expenditure for the year was £524,427 (2020 £1,122,058), which included grants to the Choral Foundation of £174,000 (2020 £168,000). Details of other grants which included £60,000 toward general Chapter running costs are included in note 7. An additional £100,000 was paid directly to Chapter for the loan of the Magna Carta, this loan was planned and actioned by the Trust.

Principal funding sources

One of the principal funders of the Trust is the National Lottery Heritage Fund to whom the Trust applies for grants to support projects in accordance with its objectives.

The Statement of Financial Activities summarises the incoming resources and funds expended and these are analysed between unrestricted funds and restricted funds. Restricted funds, including the Choral Investment Fund, are funds subject to specific usage declared by donors. Unrestricted funds are expendable at the discretion of the Trustees in furtherance of the objectives of the Trust.

FUTURE PLANS

Subject to the current review, the Trust will continue to develop its links with supporters – local, national and international. It will continue to strengthen its relationships with grant making bodies and bring on board new charitable and corporate supporters. It will continue to explore the opportunities to use the cathedral artefacts to generate significant gifts to its capital fund.

The Trust's focus will remain on:

- Growing its Capital Fund held in investments to provide a secure long term income stream
- Supporting the revenue income of the Chapter through various annual regular and one-off grants
- Securing external funding to support conservation, restoration and major projects
- Funding its own structure and staffing

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Trust is a company limited by guarantee and not having any share capital. The Trust was incorporated on 8th November 1995 as company number 3123592 and is registered with the Charity Commission with charity number 1051168. The Trust operates in accordance with its Memorandum and Articles of Association as amended by written Resolution effective 11th June 2008 and pursuant to the consent of the Charity Commission pursuant to Section 64 Charities Act 1993.

It should be noted that the 8 November 2020 was the twenty-fifth anniversary of the signing of the original trust deed and the 15 December the same anniversary for the first official meeting of the founding trustees, of which a number are still closely involved and to whom we are grateful for their vision and commitment.

Charity Constitution

The maximum number of named Governors (members) is one hundred. A maximum of eight governors plus the Dean of Hereford (by virtue of his office) are the Trustees. The Trustees manage the business of the Trust. Individuals may be invited by the Trustees to become Governors.

The Trust seeks to maintain an appropriate mix of skills and experience among the Trustees, especially in the areas of finance, business and governance, combined with an understanding of the role and mission of the Cathedral.

Recruitment and appointment of new Trustees

Trustees (who are elected by the Governors) are recruited from time to time to provide the skills needed to manage the Trust and to broaden the network of professional and personal contacts. The composition of the Trustee body is reviewed periodically. Trustees must be Governors (members) of the Trust.

Organisational structure

A Board of Trustees manage the trust. Until 15th June 2008 certain powers were delegated to the Council of Management; on that date, by written resolution of the Members, the Council of Management was replaced by the Executive, whose members are the Trustees.

The Trustees are responsible for the overall strategy and financial commitments of the Trust and are supported in this by the Chief Executive who manages the day-to-day operations of the Trust. Committees consisting of Trustees, and co-opted individuals with special expertise, are appointed from time to time to administer specific areas of work on behalf of the Trustees.

While the Chapter's Finance and Risk Committee only have a statutory duty to advise the Chapter on its accounts and risk, the Trust shares many of its documents (not least its annual accounts and investment reports) with the committee as to help better inform the whole cathedral family on its financial position. The Trust is able to nominate one Trustee, normally the Chairman, to be a member of the committee.

A separate investment group, led by a member of the finance and risk committee also coordinates an annual meeting with the investment managers for the Chapter and associated charities, the Mappa Mundi Trust and the Perpetual Trust. The Diocesan Board of Finance is also invited to attend as to enable a broad view. The meeting is held in Hereford. Approximately six months later, an informal meeting is held in London with each of the investment managers to maintain an awareness of the then situation. If a significant gift is to be invested, such as a large legacy, a separate meeting may be held, either in person or by telephone. Regular reports, both in print and electronic are regularly received by various Trustees and the Chief Executive.

Induction and training of new Trustees

An induction and training programme is arranged for new Executive members, tailored to meet their individual needs. It typically includes Trustee responsibilities and governance, governing documents, the roles of the Trust and Chapter, the work of the Cathedral, current commitments and future plans. New Trustees meet fellow Trustees and Cathedral personnel.

Key management remuneration

The remuneration of key management is decided by the Board of Trustees.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

The Very Revd Michael Tavinor, as Dean of Hereford, was both a Trustee of the Perpetual Trust (ex-officio) and a member of Chapter. He retired from the office on 28 February 2021. The Revd Canon Andrew Piper was appointed to the position of Acting Dean from 1 March 2021 until the installation of the new Dean. The Very Revd Sarah Brown became Dean 2nd October and assumed the ex-officio place on the board, replacing The Revd Canon Andrew Piper. Her conflicts are as previously that she is a member of both the Trustees of the Trust and Chapter.

During the year, processes are in place where all grants to Chapter are recorded in the Chief Executive's report to Trustees, along with identifying any payments likely to be made before the next Trustees' meeting, so Trustees are aware of what has been paid to the Chapter during each period. Any payments are confirmed in advance wherever possible.

Claims such as those to the National Lottery Heritage Fund are passed through the Trust and are forwarded to the Chapter as soon as possible and with cheques often being prepared for the transfer ahead of receipt of the funds as to ensure as fast a transfer of funds to the Chapter as possible once the funds have been received.

Risk management

The Trustees continue to monitor the major risks which the Trust faces and seek to reduce those risks. At present in this uncertain economic climate there are risks with fundraising. Lower income from investments affects the Trust and also the donors to whom the Trust applies for grants. There is a risk that the Trust is unable to raise sufficient funding to meet the aspirations of the Chapter to cover its own running costs.

A major risk is the performance of the Trust investment portfolio and the income from it. Comments on this are contained in the Financial Review.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
03123592 (England & Wales)

Registered Charity number
1051168

Principal address
5 College Cloisters
The Close
Hereford
Herefordshire
HR1 2NG

Trustees

Mr Nat Hone DL
Mrs Julia Budd
Dr Michiel Timmerman
Canon Andrew Piper (Acting Dean)
The Very Revd Sarah Brown

Chair
Appointed 19th February 2021

Appointed 1st March 2021 Resigned 2nd October 2021
Appointed 2nd October 2021

The Very Revd Michael Tavinor

Retired 28 February 2021

Patron

HRH The Prince of Wales

Vice-Presidents

The Lord-Lieutenant of Herefordshire (Mr Edward Harley OBE)
The Lord-Lieutenant of Shropshire (Mrs Anna Turner)
The Dowager Countess of Darnley CVO
Mr Tom Davies
Sir Thomas Dunne KG KCVO
Sir Algernon Heber-Percy KCVO

Key management personnel

Mr Glyn Morgan MBE

Chief Executive Officer

Company Secretary

Mr Glyn Morgan MBE

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Auditors

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3HL

Gabbs Solicitors

14 Broad Street
Hereford
HR4 9AP

Bankers

Lloyds TBS plc
8 High Town
Hereford
HR1 2AE

The Central Board of Finance

Senator House
85 Queen Victoria Street
London
EC4V 4ET

Investment Advisers

Cazenove Capital Management
12 Moor Street
London
EC2R 6DA

THE HEREFORD CATHEDRAL PERPETUAL TRUST

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the directors of The Hereford Cathedral Perpetual Trust for the purpose of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Trust and of the incoming resources and application of resources, including the income and expenditure, of the Trust for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Trust's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ACKNOWLEDGEMENTS

The Trust greatly appreciates the very generous support of many individuals, Trusts and organisations, the close co-operation with Chapter and the work of the Cathedral volunteers. It owes a particular debt of gratitude to its staff.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the Board of Trustees on 15th June 2022 and signed on its behalf by:


.....
Mr Nat Hogg DL – Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEREFORD CATHEDRAL PERPETUAL TRUST

Opinion

We have audited the financial statements of The Hereford Cathedral Perpetual Trust for the year-ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow 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 charitable company's affairs as at 31 December 2021 and its net movement in funds, including the 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 requirements of the Companies Act 2006.

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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, Chair's Report and Chief Executive's Report. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEREFORD CATHEDRAL PERPETUAL TRUST (CONT)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or
- the charitable company financial statements are not in agreement with the accounting records; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory framework pertaining to registered charities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HEREFORD CATHEDRAL PERPETUAL TRUST (C**

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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Stokes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London EC4R 1AG

Date: 28 June 2022

THE HEREFORD CATHEDRAL PERPETUAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

		Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations & legacies	2	208,201	246,013	454,214	1,824,663
Other trading activities	3	4,161	-	4,161	21,402
Investment income	4	157,600	30,470	188,070	167,177
Total		369,962	276,483	646,445	2,013,242
EXPENDITURE ON					
Raising funds	5	65,097	2,026	67,123	46,926
Charitable activities					
Grantmaking	6	136,672	320,632	457,304	1,075,132
Total		201,769	322,658	524,427	1,122,058
Net income before investment movements		168,193	(46,175)	122,018	891,184
Unrealised gains on investments	14	429,592	69,099	498,691	137,845
NET INCOME		597,785	22,924	620,709	1,029,029
Transfers between funds	17	-	-	-	-
Net movement in funds		597,785	22,924	620,709	1,029,029
RECONCILIATION OF FUNDS					
Total funds brought forward		4,530,909	752,055	5,282,964	4,253,935
TOTAL FUNDS CARRIED FORWARD		5,128,694	774,979	5,903,673	5,282,964

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements.

THE HEREFORD CATHEDRAL PERPETUAL TRUST**BALANCE SHEET****AT 31 DECEMBER 2021**

		Unrestricted Funds	Restricted Funds	2021 Total Funds	2020 Total Funds
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	13	-	-	-	-
Investments	14	4,853,129	687,881	5,541,010	4,303,751
		<u>4,853,129</u>	<u>687,881</u>	<u>5,541,010</u>	<u>4,303,751</u>
CURRENT ASSETS					
Debtors	15	58,690	-	58,690	788,029
Cash at bank and in hand		248,655	87,098	335,753	363,710
		<u>307,345</u>	<u>87,098</u>	<u>394,443</u>	<u>1,151,739</u>
CREDITORS					
Amounts falling due within one year	16	(31,780)	-	(31,780)	(172,526)
NET CURRENT ASSETS		<u>275,565</u>	<u>87,098</u>	<u>362,663</u>	<u>979,213</u>
NET ASSETS		<u>5,128,694</u>	<u>774,979</u>	<u>5,903,673</u>	<u>5,282,964</u>
FUNDS					
Unrestricted funds	17	5,128,694	-	5,128,694	4,530,909
Restricted funds		-	774,979	774,979	752,055
NET ASSETS		<u>5,128,694</u>	<u>774,979</u>	<u>5,903,673</u>	<u>5,282,964</u>

The notes form part of these financial statements.

The financial statements were approved by the Board of Trustees on 15th June 2022 and were signed on its behalf by:

 Mr Nat Hone DL - Trustee

THE HEREFORD CATHEDRAL PERPETUAL TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Cash generated from operations	1	522,541	64,160
Net cash provided by operating activities		<u>522,541</u>	<u>64,160</u>
Cash flows from investing activities:			
Purchase of fixed asset investments		(3,675,277)	(68,523)
Sale of fixed asset investments		2,865,823	-
Movement on cash held in investments		70,886	8,098
Interest received		818	216
Dividends received		187,252	166,961
Net cash used in investing activities		<u>(550,498)</u>	<u>106,752</u>
Change in cash and cash equivalents in the reporting period		<u>(27,957)</u>	<u>170,912</u>
Cash and cash equivalents at the beginning of the reporting period		<u>363,710</u>	<u>192,798</u>
Cash and cash equivalents at the end of the reporting period		<u><u>335,753</u></u>	<u><u>363,710</u></u>

A statement of changes in net debt has not been presented as the charitable company has no borrowings and hence no net debt.

The notes form part of these financial statements.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	620,709	1,029,029
Adjustments for:		
Depreciation charges		
Gains on investments	(498,691)	(137,845)
Interest received	(818)	(216)
Dividends received	(187,252)	(166,961)
Decrease/(increase) in debtors	729,339	(703,255)
(Decrease)/increase in creditors	(140,746)	43,408
Net cash provided by operating activities	522,541	64,160

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition, effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets. The principal area of judgment and estimation uncertainty relates to the assessment of legacy income receivable in line with the policy set out below.

Going concern basis

The financial statements are prepared on a going concern basis which assumes that the charity will continue to operate for the foreseeable future and for a minimum period of 12 months from the approval of the financial statement. Having considered the financial position of the charity and bearing in mind the discretionary nature of much of the expenditure, the Trustees are content that this basis remains appropriate, and that there is no material uncertainty connected with the Trust's ability to continue to operate as a going concern.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material in the notes to the accounts.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Support costs are those functions that assist the work of the charity but do not undertake charitable activities. Support costs include office costs, finance personnel, payroll and governance costs which support the Trusts activities. These costs have been allocated between the cost of raising funds and expenditure on charitable activities.

Grants offered subject to conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure.

FOR THE YEAR ENDED 31 DECEMBER 2021

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

3. OTHER TRADING ACTIVITIES

	31.12.21 £	31.12.20 £
Events	-	11,352
Eastern Cloister project management charge (Chapter)	-	10,050
Expenses recoverable	4,161	-
	<u>4,161</u>	<u>21,402</u>

4. INVESTMENT INCOME

	31.12.21 £	31.12.20 £
Dividend income	187,252	166,961
Interest receivable	818	216
	<u>188,070</u>	<u>167,177</u>

5. RAISING FUNDS

	31.12.21 £	31.12.20 £
Direct fundraising expenses	14,556	746
Promotional material	3,443	4,292
Payroll costs	20,603	15,490
Support costs apportioned	17,751	14,888
	<u>56,353</u>	<u>35,416</u>
Sub-total-costs of generating voluntary income		
	56,353	35,416
Investment management costs	10,770	11,510
	<u>67,123</u>	<u>46,926</u>
Total cost of raising funds		
	67,123	46,926

6. CHARITABLE ACTIVITIES - 2021

	Direct costs £	Grant funding of activities (See note 7) £	Support costs (See note 8) £	Totals £
Grant making	<u>13,736</u>	<u>380,632</u>	<u>62,936</u>	<u>457,304</u>

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

6. CHARITABLE ACTIVITIES – 2020

	Direct costs	Grant funding of activities (See note 7)	Support costs (See note 8)	Totals
	£	£	£	£
Grant making	<u>45,137</u>	<u>977,318</u>	<u>52,677</u>	<u>1,075,132</u>

7. GRANTS PAYABLE

	31.12.21	31.12.20
	£	£
Grants and donations	<u>380,632</u>	<u>977,318</u>

The total funds paid to Chapter during the year were as follows:

	31.12.21	31.12.20
	£	£

Fabric

Eastern Cloister Project contributions	89,632	674,190
Deanery and canonical properties	45,000	-
Booth Porch Chapel project	-	1,875
Font project	-	14,160
Recovery of VAT from 2017-18	-	93
	<u>134,632</u>	<u>690,318</u>

Choral / Music

Choral Foundation grants	174,000	168,000
St Matthew Passion	-	5,000
	<u>174,000</u>	<u>173,000</u>

Education

Education grant	12,000	12,000
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Other

General Chapter running costs	60,000	102,000
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	<u>380,632</u>	<u>977,318</u>
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THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8. SUPPORT COSTS – 2021

	Fundraising £	Grantmaking £	Totals £
Support and governance costs	17,751	62,936	80,687

SUPPORT COSTS - 2020

	Fundraising £	Grantmaking £	Totals £
Support and governance costs	14,888	52,677	67,565

9. NET INCOME

Net income is stated after charging

	31.12.21 £	31.12.20 £
Auditors' remuneration (net of VAT)		
- for audit current year	11,800	5,300
- prior year under accrual	-	2,000
- non-audit	7,500	2,750

The total cost to the Trust including irrecoverable VAT of £3,860 was £23,600 (2020: £12,060 including irrecoverable VAT of £2,010).

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2021. Donations received from trustees in total were £975 together with £500 received from a charity of which a trustee is chair (2020: £900 together with £500 received from a charity of which a trustee is chair). Donations received from staff were in total £1,800. During the year, no trustees' expenses were reimbursed (2020 £nil).

11. STAFF COSTS

	31.12.21 £	31.12.20 £
Wages and salaries	59,800	83,430
Social security costs	2,908	5,050
Other pension costs	5,968	7,857
	68,676	96,337

The key management personnel of the Trust comprise the unremunerated trustees and the Chief Executive. The total employee benefits of the key management personnel of the Trust, including employer's pension and national insurance contributions, were £68,676 (2020: £71,420).

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

	31.12.21	31.12.20
Administration of the Trust	1	2

No employee was paid more than £60,000 per annum (excluding non-taxable benefits and employer's NI) during the current or preceding year.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £
INCOME AND ENDOWMENTS FROM			
Donations & legacies	1,040,266	784,397	1,824,663
Other trading activities	11,005	10,397	21,402
Investment income	136,482	30,695	167,177
Total	1,187,753	825,489	2,013,242
EXPENDITURE ON			
Raising funds	44,835	2,091	46,926
Charitable activities	199,814	875,318	1,075,132
Grants and Donations	244,649	877,409	1,122,058
Total	943,104	(51,920)	891,184
Net income before investment movements	104,406	33,439	137,845
Net gains on investments	1,047,510	(18,481)	1,029,029
NET INCOME/(EXPENDITURE)			
Transfers between funds	(640)	640	-
Net movement in funds	1,046,870	(17,841)	1,029,029
RECONCILIATION OF FUNDS			
Total funds brought forward	3,484,039	769,896	4,253,935
TOTAL FUNDS CARRIED FORWARD	4,530,909	752,055	5,282,964

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 January 2021 and 31 December 2021	20,580
DEPRECIATION	
At 1 January 2021	20,580
Charge for the year	-
31 December 2021	20,580
NET BOOK VALUE	
At 31 December 2021	-
At 31 December 2020	-

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

14. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 January 2021	4,232,865	70,886	4,303,751
Additions	3,675,277	-	3,675,277
Disposals	(2,865,823)	(70,886)	(2,936,709)
Gains on investments	498,691	-	498,691
	<u>5,541,010</u>	<u>-</u>	<u>5,541,010</u>
At 31 December 2021	5,541,010	-	5,541,010

There were no investment assets outside the UK.

Represented by:

	31.12.21 £	31.12.20 £
Cash	-	70,886
Cazenove Charity Multi-Asset Fund	-	2,846,062
Cazenove Responsible Multi-Asset Fund	5,541,010	1,386,803
	<u>5,541,010</u>	<u>4,303,751</u>
Historic cost of investments	<u>3,200,748</u>	<u>2,462,182</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Accrued income	53,466	775,999
Prepayments	3,655	3,655
Other debtors	1,569	8,375
	<u>58,690</u>	<u>788,029</u>

Accrued legacy income in 2020 is £53,000 (2020: £699,500).

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade creditors	13,079	724
Accruals and deferred income	18,701	171,802
	<u>31,780</u>	<u>172,526</u>

17. MOVEMENT IN FUNDS - 2021

	At 1.1.21 £	Net movement in funds £	Transfers between funds £	At 31.12.21 £
Unrestricted funds				
Long term investment	3,507,965	-	1,345,164	4,853,129
Working capital	1,022,944	597,785	(1,345,164)	275,565
	<u>4,530,909</u>	<u>597,785</u>	<u>-</u>	<u>5,128,694</u>
Restricted funds				
Education Fund	-	3,443	-	3,443
Fabric Fund	49,657	(47,229)	-	2,428
Choral Funds	621,171	66,710	-	687,881
Eastern Cloister Delivery Fund	-	-	-	-
Font Project	81,227	-	-	81,227
	<u>752,055</u>	<u>22,924</u>	<u>-</u>	<u>774,979</u>
TOTAL FUNDS	<u>5,282,964</u>	<u>620,709</u>	<u>-</u>	<u>5,903,673</u>

Net movement in funds, included in the above are as follows:

	Income £	Expenditure £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	369,962	(201,769)	429,592	597,785
Restricted funds				
Education Fund	15,443	(12,000)	-	3,443
Fabric Fund	1,099	(48,328)	-	(47,229)
Choral Funds	173,637	(176,026)	69,099	66,710
Eastern Cloister Delivery Fund	86,304	(86,304)	-	-
Font Project Fund	-	-	-	-
	<u>276,483</u>	<u>(322,658)</u>	<u>69,099</u>	<u>22,924</u>
TOTAL FUNDS	<u>646,445</u>	<u>(524,427)</u>	<u>498,691</u>	<u>620,709</u>

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

17. MOVEMENT IN FUNDS (CONTINUED) – 2021

The comparative figures for movement in funds are as follows:

	At 1.1.20	Net movement in funds	Transfers between funds	At 31.12.20
	£	£	£	£
Unrestricted funds				
Long term investment	3,394,787		113,178	3,507,965
Working capital	89,252	1,047,510	(113,818)	1,022,944
	<u>3,484,039</u>	<u>1,047,510</u>	<u>-</u>	<u>4,530,909</u>
Restricted funds				
Education Fund	-	(640)	640	-
Fabric Fund	145,548	111	(96,002)	49,657
Choral Funds	569,809	51,362	-	621,171
Eastern Cloister Delivery Fund	-	(83,502)	83,502	-
Font Project	54,539	14,188	12,500	81,227
	<u>769,896</u>	<u>(18,481)</u>	<u>640</u>	<u>752,055</u>
TOTAL FUNDS	<u>4,253,935</u>	<u>1,029,029</u>	<u>-</u>	<u>5,282,964</u>

Net movement in funds, included in the above are as follows:

Unrestricted funds				
General fund	1,187,753	(244,649)	104,406	1,047,510
Restricted funds				
Education Fund	11,360	(12,000)	-	(640)
Fabric Fund	2,079	(1,968)	-	111
Choral Funds	193,014	(175,091)	33,439	51,362
Eastern Cloister Delivery Fund	590,688	(674,190)	-	(83,502)
Font Project Fund	14,188	-	-	14,188
Architectural Heritage	14,160	(14,160)	-	-
	<u>825,489</u>	<u>(877,409)</u>	<u>33,439</u>	<u>(18,481)</u>
TOTAL FUNDS	<u>2,013,242</u>	<u>(1,122,058)</u>	<u>137,845</u>	<u>1,029,029</u>

Transfers between funds

Transfers between funds made relate to (i) projects subsidised by the unrestricted fund (ii) the transfer between the long-term investment fund and the working capital fund made to order to show the long-term investment fund separately.

Funds Detail

Unrestricted Funds

The Trustees have designated the greater part of the unrestricted funds as a long-term fund represented by investments. Within this amount they have further earmarked £45,000 for Clergy Housing. The balance of the unrestricted fund represents the operational working capital of the Trust.

Restricted Funds

The Fabric Fund has been established to provide financial support for the maintenance of the fabric of Hereford Cathedral.

THE HEREFORD CATHEDRAL PERPETUAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The Choral Funds comprise a fund established to provide financial support to the Choral Foundation of Hereford Cathedral in relation to promotion of the religious, musical and secular education of pupils, the repair, maintenance and renewal of the organ of the Cathedral and the acquisition and maintenance of its musical books, manuscripts and the employment of all staff including lay clerks in connection with the Choral Services of the Cathedral. Within the Choral Funds, the Choral Investment Fund forms part of the investment portfolio held. The fund has been established to generate income to support the Choral Foundation of Hereford Cathedral. Gains and losses on the investment are reflected in the fund balance.

The Education Fund is used to assist the Cathedral in running its education programme with schools, colleges and universities, along with the adult sector.

18. RELATED PARTY DISCLOSURES

Hereford Cathedral

The Dean of Hereford is both a trustee of Hereford Cathedral Perpetual Trust and presides the Chapter of Hereford Cathedral. The present Dean, The Very Reverend Sarah Brown has been a trustee since 2 October 2021, and the previous Dean, The Very Reverend Michael Tavinor was a trustee until 28 February 2021. The Reverend Andrew Piper was acting Dean and a trustee between 1 March 2021 and 2 October 2021.

Nat Hone, a trustee and Chairman of the Perpetual Trust, represents the Trust, as Chair, on the Chapter's Finance and Risk Committee.

During the year £380,632 (2020 £977,318) of grants were made to the Chapter of Hereford Cathedral. Details of the grants can be found in note 7. At the year-end £Nil was due to the Chapter (2020: £48,891).

Hereford Cathedral Enterprises Limited

Hereford Cathedral Enterprises Limited is a wholly owned subsidiary of Hereford Cathedral of which the Dean of Hereford is a Trustee.

During the year £262 (2020 £nil) of goods and services were purchased from Hereford Cathedral Enterprises Ltd. At the year-end £Nil (2020 £nil) was outstanding.

19. SHARE CAPITAL

The Hereford Cathedral Perpetual Trust is a company limited by guarantee (registered in England and Wales) and does not have a share capital.

20. GUARANTEE

Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up during the time that he or she is a member or within one year afterwards for payment of the debts and liabilities of the company contracted before he or she ceases to be a member, and of the costs, charges and expenses of winding up the same and for adjustment of the rights of contributors amongst themselves, such as may be required not exceeding, in the case of any member, the sum of £1.

21. FUNDS ADMINISTERED FOR HEREFORD CATHEDRAL

During the year, the Trust facilitated the loan of the Hereford Magna Carta to the Museum of the Bible in Washington DC on behalf of Hereford Cathedral which owns the Magna Carta. £100,000 was received by the Trust in relation to the loan and remitted onto the Cathedral. These amounts are not included in the Trust's Statement of Financial Activities.

THE HEREFORD CATHEDRAL PERPETUAL TRUST
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	31.12.21 £	31.12.20 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Grants	279,704	579,223
Donations	108,224	347,430
Gift Aid	17,026	27,615
Legacies	49,260	870,395
Total incoming resources	454,214	1,824,663
Other trading activities		
Events	-	11,352
Income from Chapter (project management charge)	-	10,050
Expenses recoverable	4,161	-
	4,161	21,402
Investment Income		
Dividend income – (Cazenove)	187,252	166,948
Interest receivable	818	229
	188,070	167,177
Total income	646,445	2,013,242
EXPENDITURE		
Fundraising		
Direct fundraising expenses	14,556	746
Promotional materials	3,443	4,292
Payroll and related costs	20,603	15,490
Apportionment of support costs	17,751	14,888
	56,353	35,416
Investment management costs		
Portfolio management	10,770	11,510
Charitable activities		
Staff costs	13,736	45,137
Apportionment of support costs	62,936	52,677
	76,672	97,814

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THE HEREFORD CATHEDRAL PERPETUAL TRUST
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	31.12.21 £	31.12.20 £
Support costs and governance costs		
Staff costs	34,337	35,710
Auditors' remuneration (including VAT)	14,160	8,760
Auditors' remuneration for non-audit work (including VAT)	9,000	3,300
Accountancy	4,420	60
Legal fees	2,400	-
Other professional fees	7,825	2,038
Computer and software costs	5,427	2,945
Postage and stationery	601	10,021
Insurance	1,445	1,448
Other overhead	1,072	3,283
Allocation to fundraising of charitable activities	(80,687)	(67,565)
	<hr/>	<hr/>
Total expenditure	143,795	144,740
	<hr/>	<hr/>
Net income before grants to Chapter	502,650	1,868,502
	<hr/>	<hr/>
Grants to Chapter (see note A)	(380,632)	(977,318)
	<hr/>	<hr/>
Net income/(expenditure) excluding investment gains	122,018	891,184
	<hr/>	<hr/>

NOTE A

The total grants paid to Chapter during the year were as follows:

	31.12.21 £	31.12.20 £
<i>Fabric</i>		
Eastern Range/Cloister Project contributions	89,632	674,190
Deanery and canonical properties	45,000	-
Porch Chapel project	-	1,875
Font project	-	14,160
Recovery of VAT from 2017-18	-	93
	<hr/>	<hr/>
	134,632	690,318
<i>Choral / Music</i>		
Choral Foundation grants	174,000	168,000
St Matthew Passion	-	5,000
	<hr/>	<hr/>
	174,000	173,000
<i>Education</i>		
Education grant	12,000	12,000
	<hr/>	<hr/>
<i>Other</i>		
General Chapter running costs	60,000	102,000
	<hr/>	<hr/>
	380,632	977,318
	<hr/>	<hr/>

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