

The Cathedral Church of St Peter in Exeter

Financial statements

For the year ended 31 December 2016

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REFERENCE AND ADMINISTRATIVE INFORMATION

Governing statute

The Cathedral's Constitution and Statutes were implemented on 24 November 2001 under the Cathedrals' Measure 1999, and amended on 18 May 2007, 12 March 2014 and 14 January 2016, under the provisions of the Measure.

The Chapter

The administrative body is the Chapter. The members of the Chapter during the period 1 January 2016 to the date of approval of the annual report and financial statements were as follows:

The Very Reverend Dr Jonathan Draper	Dean
The Reverend Canon Victoria Thurtell	Canon Precentor (until March 2017)
The Reverend Canon Ian Morter	Canon Pastor and Treasurer (until May 2017)
The Reverend Canon Anna Norman-Walker	Canon Chancellor
The Reverend Canon Dr John Searle OBE	Residentiary Canon (until September 2016)
The Reverend Canon Dr Michael Williams	Residentiary Canon (from November 2016)
The Reverend Canon Becky Totterdell	Residentiary Canon (from May 2017)
Dame Suzi Leather DBE, DL	Chapter Canon (until March 2017)
Mr Jonathan Harris	Chapter Canon
The Venerable Clive Cohen	Chapter Canon
Mr John Endacott FCA	Chapter Canon (from April 2017)

Address

Cathedral Office
1 The Cloisters
EXETER
EX1 1HS

Staff with Management Responsibilities

Managing Director	Mr Alasdair Cameron (until 28 October 2016)
Acting Administrator/Head of Visitor Services	Mrs Catherine Escott
Clerk of Works	Mr Christopher Sampson
Director of Music	Mr Timothy Noon
Finance	Mrs Noele Redstone (until October 2016)
	Mrs Sally Dillon (from November 2016)
Library and Archive	Lay Canon Ann Barwood BEM
Development Director	Mr Paul Courtney (until March 2017)
Facilities Manager	Mr Steve Robey (until March 2017)

Exeter Cathedral Enterprises Limited

Chairman	Mr Jonathan Harris
Managing Director	Mr Alasdair Cameron (until October 2016)
Director	Mrs Catherine Escott (from May 2017)
Director	The Very Reverend Dr Jonathan Draper
Director	The Reverend Canon Ian Morter (until May 2017)
	The Reverend Canon Dr Michael Williams (from May 2017)
Director	Mr John Endacott FCA (from May 2017)
Director	

Exeter Cathedral



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Bankers

National Westminster Bank plc
59 High Street
EXETER
EX4 3DL

Solicitors

Foot Anstey
Senate Court
Southernhay Gardens
EXETER
EX1 1NT

Michelmores LLP
Woodwater House
Pynes Hill
EXETER
EX2 5WR

Architecture and Archaeology

Surveyor of Works
Mrs Camilla Finlay RIBA AABC

Consultant Archaeologist
Mr John Allan

Auditors

Robinson Reed Layton
Peat House
Newham Road
TRURO
TR1 2DP

Stockbrokers

Charles Stanley
Broadwalk House
Southernhay West
EXETER
EX1 1TS

Investment Managers

Quilter Cheviot
One Kingsway
LONDON
WC2B 6AN

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Investment Powers

The Chapter has the powers of investment set out in Section 16 of the Cathedral's Measure 1999 and may invest in:

- Land
- Funds administered by the Central Board of Finance of the Church of England which are managed by CCLA Investment Management Limited.
- Investments in which trustees may invest under the general power of investment in the Trustee Act 2000.
- The improvement or development of any property vested in the Cathedral in limited circumstances and with the consent of the Church Commissioners.

The Annual Report contains two main areas of information. The first being an overview of the elements which together constitute the corporate body of the Cathedral Church, with particular attention to the activities of the Chapter, its portfolios, statutory committees and constituent operations. The second part includes reports from the independent charitable trusts directly supporting the Cathedral and an outline of the groups and activities which contribute to the enrichment and quality of the ministry of welcome and life of the Cathedral community.

The Mission of Exeter Cathedral

The Cathedral Church of St Peter is the seat of the Bishop of Exeter and a centre of worship and mission. It is also a seat of teaching.

The Cathedral expresses this role and purpose in the words of its Mission Statement:

*"What does the Lord require of you but to do justice, love mercy and to walk humbly with your God?"
– Micah 6 Verse 8.*

Exeter Cathedral exists for the glory of God and as a sign of God's kingdom. Our Mission is growing on prayer, making disciples and serving people in Devon with joy. We express this through:

- Daily worship and prayer
- Welcome and pastoral support
- Nurturing disciples
- Learning together
- Serving the community

Vision for the Cathedral

Our Vision is to offer all who visit us the best possible access to, experience of, and engagement with the historic, cultural and spiritual heritage of Exeter Cathedral.

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Our values

We are committed to and will courageously pursue being:

- Welcoming To All
- The Best We Can
- Open and Listening
- Fair and Respectful

Organisational Structure and Management of the Cathedral

The life of the Cathedral is governed by its Constitution and Statutes enacted under an Instrument which came into force on 24 November 2001 under the terms of *The Cathedrals Measure 1999* (hereinafter called *The Measure*). The Constitution and Statutes were subsequently amended and the latest revision came into force on 12 March 2014 and again revised on 14 January 2016. A copy of the Constitution and Statutes is available for inspection at the Cathedral Office by appointment with the Acting Administrator.

Under the Constitution and Statutes, the Body Corporate of the Cathedral must have a Chapter Council, a College of Canons and a Finance Committee. The first three bodies together make up the body corporate known as 'The Cathedral Church of St Peter in Exeter', with perpetual succession and a common seal. The Chapter has the legal responsibility for directing and managing the life and mission of the Cathedral. In addition, the Cathedral has a Fabric Advisory Committee with statutory authority to consider all matters relating to the fabric and, in prescribed cases, to make determinations allowing or refusing permission to undertake works that alter the historic fabric or appearance of the building. This operates under the provisions of *The Care of Cathedrals Measure 2011*. A Cathedral Community Committee provides a forum for the Cathedral's worshipping community to comment on aspects of Cathedral ministry and to deal with delegated responsibilities.

The Chapter

In addition to the Dean, there are currently three Residentiary Canons and three Chapter Canons. Of the three Residentiary Canons, two, plus the Dean are *Commissioners' Canons* working full-time in the Cathedral with stipends paid by the Church Commissioners. The other two Residentiary Canon are self-supporting.

There are up to four further members of the Chapter known as Chapter Canons, at least three of whom must be lay people, while the fourth may be lay or ordained. During 2016 there were three. The Cathedral does not remunerate the Chapter Canons but they are entitled to claim expenses incurred in the discharge of their duties. Chapter held eleven business meetings within the past year.

A Residentiary Canon is chairing the Chapter in the absence of the Dean who is on sabbatical leave.

Prebendaries and Canons

During 2016 no Prebendaries resigned their stalls, but we were delighted to welcome into vacancies the Rev Cate Edmonds and the Rev Julian Ould at Evensong on 10 May, and the Rev Graham Cotter and the Rev Robin Eastoe at Evensong on 13 June.

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The Cathedral Council

Exeter Cathedral's Constitution and Statutes make provision for a Council of up to twenty members. The Chairman, currently Mr Geoffrey Bush CB DL, is appointed by the Bishop; the Dean is an ex officio member; eight members are chosen or elected by the Chapter, the College of Canons and from amongst those on the Cathedral Community Roll. The remaining ten are appointed by the Bishop to reflect a wide range of experience and interests.

The Council has statutory rights and responsibilities under *The Measure*. In accordance with the Constitution, the Council has a duty to further and support the work of the Cathedral, financial, spiritual, pastoral, evangelistic, social and ecumenical, reviewing and advising upon direction, and oversight of that work by the Chapter and, in particular, without prejudice to the generality of the foregoing, to:

- Consider proposals submitted by the Chapter in connection with the general direction and mission of the Cathedral and to give advice on them to the Chapter.
- Receive and consider the annual budget of the Cathedral.
- Receive and consider the annual report and audited financial statements, and
- Consider proposals submitted by the Chapter in connection with the Constitution and Statutes of the Cathedral with a view to their review under Part II of *The Measure*.

The Council has powers to:

- Request reports from the Chapter on any matter concerning the Cathedral.
- Discuss and declare its opinion on any such matter, and
- Draw any matter to the attention of the Visitor (the Bishop) or the Church Commissioners.

The Council meets every quarter. It reviews and considers:

- The Cathedral's formal accounts and budgets.
- Progress with specific projects or other matters of current importance.
- Progress with the Cathedral's rolling Development Plan, which reflects the Chapter's priorities for the short and medium-term.

The Bishop of Exeter has a standing invitation to attend and did so on a number of occasions in 2016.

From time to time, individual members of the Council assist the Chapter on matters where additional experience and expertise would be helpful.

In September 2016 the Council was also charged with overseeing the implementation of the *Directions* in the Charge from the Bishop's Visitation, and the Chair of the Council with reporting to the Bishop in the implementation of the *Directions* in the Charge twice each year.

The College of Canons

The College is, by Constitution and Statutes, a part of the Cathedral's foundation. It provides a breadth of diocesan experience and involvement in the life of the Cathedral. It consists of up to 26 Prebendaries (drawn from the clergy of the diocese, appointed by the Bishop), Lay Canons and a Canon Theologian, the two Suffragan Bishops of the diocese, the four Archdeacons and all members of the Chapter. The Dean is the College's president and the Bishop of Exeter has a standing invitation to be present when the College meets. The College meets formally twice a year, with an optional third meeting, if required.

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Public benefit

The Cathedral is a public benefit entity. The Chapter have complied with their duty to have due regard to the Charity Commission's guidance on public benefit.

OBJECTIVES AND ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The Dean's Report

2016 was dominated by the Episcopal Visitation to the Cathedral, which took place during much of the first nine months of the year and issued in a *Charge* from the Bishop to the Chapter with a significant number of 'Directions' in September 2016. The final third of the year saw Chapter beginning work on meeting the Directions in the *Charge*. (The Bishop's *Charge* is available on the Cathedral website and printed copies can be obtained from the Clerk to the Chapter).

In responding to the *Charge* Chapter has taken the opportunity it presents to do some wider strategic thinking, and this began during the last quarter of 2016: we have been looking again at our business planning and financial reporting; looking at staffing levels and our organisation; trying to ensure that the priorities of our mission, especially worship and outreach, are addressed in creative and sustainable ways. Some of the challenges in the *Charge* are also about how we work as an organisation and as Chapter, about the 'tone' and 'culture' of how we work, and we have taken active steps to address those issues too.

The Visitation has been a challenging process, but one from which we are seeking to do many positive things. A number of Cathedrals have been undergoing Visitations and we are not alone in needing to address significant, especially, financial issues.

2016 saw the traditional comings and goings in the Cathedral. 2016 included the arrival of a number of new people in the Music Department. Steven Tanner (Assistant Organist) left both the Cathedral and the Cathedral School, and David Davis (Assistant Director of Music) left the Cathedral. We welcomed Timothy Parsons as Assistant Director of Music (having been Organ Scholar at Winchester Cathedral), and Dr Ed Jones as Organ Scholar. Timothy Noon properly began his work as Director of Music in January 2016. We were also able to welcome James Featherstone as Headmaster of the Cathedral School in January 2016, and, along with family, into the worshipping life of the Cathedral. In September 2016 we said goodbye and a very heartfelt 'thank you' to Dr John Searle, who as a self-supporting (SSM) Residentiary Canon did some wonderful (and hard) work to bring us up to the mark with our Safeguarding policies and processes, and we owe him a great debt of gratitude for that work. We now (since April 2016) have in place a Service Level Agreement with the Diocese of Exeter for Safeguarding and HR support. John and his wife Elizabeth continue to worship with us as time and grandchildren allow. Alasdair Cameron left the Cathedral in October 2016, and Catherine Escott (our Head of Visitor Services) stepped up to become Acting Administrator in December 2016. Alison Davenport, who had been overseeing our work under the heading of CloistersPlus left in June 2016. We welcomed Matthew Mahoney as Volunteer Manager. In November 2016 we welcomed The Rev Dr Mike Williams as SSM Residentiary Canon. Mike comes to us with enormous and valuable experience in running major hospitals and great skill in organisation change and development and strategic planning and has made an immediate and positive impact on our work. We are also pleased to welcome him and his wife Gill into our worshipping life.

Work on the fabric of the Cathedral continued at a great pace. We were successful in every round (five) of the WW1 Commemorative Cathedrals Repair Fund and were able to complete a number of necessary projects, not least a major project to the East End of the Cathedral and the Great East Window. In all we received about £850,000. Our work on the Fabric of the Cathedral has also been magnificently supported by the Friends of the Cathedral and we remain very grateful for their care and support as we try to complete the work show by our Cathedral Architect's (Camilla Finlay) last Quinquennial Inspection (QI). The next QI is due to take place at the end of 2017 and we have no doubt that significant work will continue as our ten-year current works plan shows. Our Masons continue to produce excellent work.

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October 2016 saw a major fire on the Cathedral Green in two significant properties, especially the Royal Clarence Hotel. This caused major disruption on the Green for a couple of weeks, but the Cathedral's initial response was handled very well by Canon Anna Norman-Walker. Cathedral properties (including the clergy housing) were evacuated and we were unable to use the Cathedral itself for about a week (worship was allowed in the Chapter House so we were able to continue even at the height of the emergency). The work of demolition is long and slow, not least because the intention is to rebuild the façade of the Hotel as it was before the fire. The Cathedral hosted a service at very short notice in November 2016, attended by HM's Lord Lieutenant of Devon, the Lord Mayor of Exeter and a large number of Fire Fighters, to thank the emergency services publically, especially Devon & Somerset Fire and Rescue, for their work, not least in preventing the fire from spreading further into the City.

Last – but by no means least – the worshipping and community life of the Cathedral continues to grow and develop alongside everything else. Numbers attending continue to grow, not least in the 'Cloister Club' (our Sunday School) during our 10am sung Eucharist, where a number of families with young children have begun to make their spiritual home. Our programme of adult learning continues to develop and deepen with three major lectures a year, discipleship programmes centred on the Pilgrim Course and significant offerings during Advent and Lent. Social and education events alongside this continue through the Cathedral Community Committee and groups such as the Friends of the Cathedral, and we are developing closer ties with both Exeter University and Exeter College. In December 2016 we were awarded a grant to establish a series called 'On Common Ground' in which scientists and people faith discuss the great issues of our day. The number of groups and individuals wishing to use the Cathedral for services and events continues to grow, testing the capacity of our staff to deliver, and we continue to make a major contribution to the cultural life of the City and region.

Acting Administrator's Report

The Cathedral Nave was transformed when we held the Taste of the West Awards ceremony in October. It was a great honour to welcome so many guests from an organisation that champions food and drink producers in the West Country. A hugely successful Winter Fair was held in the Nave, which not only offered a fantastic variety of stalls, but also the opportunity for people to meet our team of Stonemasons. In November the Christmas Market returned to the Green, which was remarkable given the major fire damage to both the Royal Clarence and 18 Cathedral Yard in late October. Our own chalet, again, proved popular with customers.

Three Christmas with the Cathedral Choir concerts were held offering an even greater opportunity to experience our wonderful Cathedral Choir and the informal Lunchtime Carols continued to grow. In all this proved to be one of our busiest Advents ever.

Health and Safety continued to be a priority as did Fire Safety with Terry Pyle making huge progress with new policies and staff training.

We ended 2016 knowing that our focus for 2017 was to increase income through our commercial activities, offer a more diverse menu of events to attract new audiences whilst closely monitoring associated costs.

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RELATIONSHIPS BETWEEN CHAPTER, ITS TRUSTS AND COMMITTEES

Trusts

The following independent trusts support the Cathedral and its work:

The Friends of Exeter Cathedral	Charity Commission No. 207096
Exeter Cathedral Preservation Trust	Charity Commission No. 276397
Exeter Cathedral Music Foundation	Charity Commission No. 297365

Friends of Exeter Cathedral *from Chris Stirling, Hon. Secretary*

The Friends activities can basically be divided into two categories; educational and financial. We continue to be in good heart with our membership hovering around the 3,000 mark.

During the year we have continued to develop our educational activities with a wide range of events. Most of these were either fully booked or oversubscribed. Included amongst others were John Allen's walks round the Close, a demonstration of bell ringing, Diane Walker's talk about the cathedral monuments and a whole study day on the Exon Domesday book. Our last event has been a fascinating talk by the Very Rev'd David Ison on being Dean of St Pauls and all that entails. More events are planned for the rest of this year and part of next.

The AGM was a great success and very well attended. The Friends must record their great thanks to the Right Rev'd Nick McKinnel, Bishop of Plymouth for stepping in at very short notice to be our guest speaker.

Last year we were able to vote to the Cathedral grants totalling £210,650. These contribute towards many aspects of the Cathedral's needs and work. The majority were for work on different parts of the building. This included work on the great East window, the South Nave Isle roof, environmental monitoring and a laser measured survey along with many other lesser items. We also supported the Choral Scholars and the Stone Masons. These are just a few of the grants we have given, full details of which can be seen in our accounts which are published each year. A similar sum has been granted for this year. To enable this to be done we are most grateful to our benefactors both present and past and wise stewardship of our resources since our inauguration in 1928.

Exeter Cathedral Preservation Trust *from John Endacott, Treasurer*

The trustees meet annually to review the investments and finances and to authorise grants to the Cathedral in response to requests from the Dean and Chapter. The present policy of the trustees, agreed at an extraordinary meeting on 1 December 2014, is to maintain the underlying capital and to use the income arising to help fund the maintenance, repair and conservation of the Cathedral and its properties within its Precinct.

The Trust made grants of £69,713 during 2016, with a further £34,687 having been approved, but not yet drawn at the year end.

Exeter Cathedral Music Foundation Trust *from Gerald Sturtridge, Chairman*

During the year the Trust gave £125,000 (2015:£140,000) to the Cathedral to help it meet the cost of choral scholarships and of music generally.

In their report on the 2015 accounts the trustees set out their intention to increase the number of trustees both to replace colleagues who had retired and to bring on to the board new members with the experience and drive they saw necessary to achieve the aim of doubling the funds under management. It was noted that achievement of this ambition would enable the Trust to meet substantially the whole of the cost of music in the Cathedral in perpetuity which was the intention when the Trust was formed almost 30 years ago. In consequence, trustees are delighted to welcome to the board Mrs Penny Adie, Dr Marilyn Pocock, Mr Peter Macklin and Mr John Acornley with effect from 20 March 2017.

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Exeter Cathedral Music Foundation Trust *from Gerald Sturtridge, Chairman (continued)*

In 2016 the Trust's assets grew by some £0.615m of which just £0.1m was accounted for by legacies and gifts with the balance coming from dividends and capital gains from its investment portfolio. The challenge for the Trust is to secure a much higher level of gifts and legacies and it is gratifying to report that 2017 has got off to a fine start. Traditionally, donors have been more attracted to giving cash to buy hard assets than supporting funds in perpetuity such as the Trust but that appears to be changing. Cathedral music reaches many people in their lifetime for a vast number of reasons and in many ways and it seems that is being recognised and supported.

The 2015 accounts recorded the receipt of a donation of £187,500 specifically to support choir tours. The accounts for 2016 explain in note 13 that no tours have been planned and that the donor has approved the transfer of the amount to unrestricted funds where it will be available for general use.

Of course, trustees need to keep faith with donors and act in accordance with the word and spirit of the Trust deed. Therefore they must pay as much attention to the immediate and short term funding of Cathedral music as to building an adequate fund for the long term; neither should benefit at the expense of the other. Accordingly, the trustees have decided that the exceptionally good performance of the investment portfolio and encouraging donations over recent months should be reflected in the grant to be made to the Cathedral in 2017 by uplifting it to £145,000 from the amount of £125,000 paid in 2016. The level of grant to be paid in 2018 and subsequent years will, as usual, depend solely on the actual and anticipated financial performance of the Trust when the decision needs to be made.

STATUTORY COMMITTEES

The Chapter is additionally supported by the following committees, each of which is either responsible to, or advises, the Chapter:

Cathedral Community Committee (CCC) *from Heather Morgan, Chair*

The highlights of a busy year for the Cathedral Community in general, and for the Cathedral Community Committee (CCC) in particular, have included the recruitment and training of the pastoral care team and preparatory work for the worship audit, (both of which formed part of the Bishop's Visitation Charge); discussion of the Chapter Business Plan for 2017 & Strategic Plan 2018-2025; the complete revision of the Cathedral Community Roll; a planned giving renewal; consideration of how the Cathedral could contribute to the Diocesan Vision Statement; revision of the information about the CCC on the Cathedral website; and two days of prayer for the life and mission of the Cathedral – on 13 October (the Feast of Edward the Confessor) and 2 February (Candlemas).

The regular round of work has continued across the Cathedral Community including the Prison Prayer & Support Group, the weekly Prayers for Healing, the monthly Julian Prayer Group, the Wednesday Night Café, and the Cathedral Mothers' Union. Numbers of children attending Cloister Club on Sunday morning have continued to increase, and generous donations have been made to collections for Exeter Foodbank. Approximately £10,000 (being 10% of planned giving) was available for external donations, and grants were made to 19 charities or good causes, local, national and international.

Among all this work, there has been time to relax at events organised by the Cathedral Fellowship Committee – mulled wine and mince pies before Christmas, and a wine and cheese evening on Shrove Tuesday, when the Revd Professor Morwenna Ludlow (Cathedral curate) and Tim Parsons (Assistant Director of Music) spoke about their careers to date. A good number of people walked, cycled or sailed to the Turf Locks Hotel for lunch in August, and others enjoyed a tour of Ugbrooke House in September. It has been a pleasure to offer hospitality on a number of occasions such as installations of members of Chapter and the College of Canons, a tea party to celebrate the Queen's 90th Birthday, and a farewell lunch for David Davies and Stephen Tanner.

At the time of writing, elections are pending to the Committee. Thank you to all who have been members of the CCC during the last three years.

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Fabric Advisory Committee (FAC) from Gwynneth Hermesen, Secretary

The Fabric Advisory Committee, with members appointed for their expertise by the Cathedrals Fabric Commission for England (CFCE) or by the Dean and Chapter, has an independent role within the cathedral community. The committee is delegated to approve restoration and repair works to the Cathedral fabric and to give advice on the building and fixtures to the Chapter, while permanent changes and additions are approved by the CFCE at national level. The committee has expertise in art, architecture, architectural history, cathedral buildings, local history, masonry, medieval history, tiles, timber and building conservation, and meets at the cathedral at least quarterly.

During 2016 the Fabric Advisory Committee, FAC, met four times at the Cathedral to provide advice on all matters brought forward by the Cathedral related to the care and development of fabric and to consider formal applications made in accordance with the Care of Cathedral Measure.

The committee has gratefully received comments on formal applications to the FAC from the CFCE, SPAB, Historic England, Exeter City Council and other interested parties and has been pleased to approve the following projects at the Cathedral:

- To undertake a programme of repairs to the internal monuments;
- To undertake a programme of investigations into the condition of the misericords;
- To install boreholes for ground water monitoring system to the north of the Cathedral and within the Chapel of St Andrew and St Catherine;
- To repair the drainage system to the west of the North Tower;
- To install a plaque to Peter Gundry in the Cathedral Garth;
- To undertake a programme of repair and conservation to three bays of the South Quire Clerestory;
- To recover the lead to the South Aisle roof;
- To restore the Courtney window within the South Aisle;
- To remove the asbestos roof voids above Aisles;
- To replace the missing scroll to the monument dedicated to the 32nd Cornwall Regiment; and
- To loan the Exeter book, Grant of Privilege and Exon Domesday to the British Library for an exhibition on the Anglo-Saxons (from October 2018 to February 2019).

The FAC were pleased that many of the projects that came forward in 2016 received grants from the First World War Centenary Cathedral Repairs Fund, the Headley Trust and the Friends of Exeter Cathedral.

During the year the FAC have been kept up to date on the progress of ongoing projects at the Cathedral through formal reports provided at each meeting by the Cathedral Architect, Mrs Camilla Finlay, and Cathedral Archaeologist, Mr John Allan. The Committee would like to express thanks for their valuable contributions.

Committee members provided valuable comment and advice on ongoing projects including the repair and conservation of the east gable, the design of new corbel stones and the installation of a glass protection system to the stained glass window to replace the polycarbonate sheeting installed in the 1980s.

A new quinquennium came into effect for the FAC on 1 May 2016 and with this came a number of changes to the make up of the Cathedral's FAC including the Chair and Secretary. At the meeting in September, Mr Geoff Rich was elected as the Chair of FAC and Mrs Gwynneth Hermesen as Secretary. The previous Secretary, Mr Christopher Paterson, was invited to join as a member of the committee. Four members of the committee were replaced by Mr Gary Colclough, Mr Michael Drury, Mr Nick Durnan and Ms Aileen Peirce. The new committee was welcomed by the Dean.

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Fabric Advisory Committee (FAC) from Gwynneth Hermesen, Secretary (continued)

Thanks were extended to the members of the FAC who stepped down during the year (Mr Peter Dare AM, Mr David King, Dr Ian Mortimer and Professor Michael Wiggington) for their dedicated service to the fabric of Exeter Cathedral. Particular thanks were due to Mr Laurence Keen OBE who provided wise and active Chairmanship over the last quinquennium.

Thanks also go to Ms Becky Clark, Secretary of the Cathedral Fabric Commission for England, CFCE, who supported the Cathedral in the election of new members to the FAC and ran a training session for FAC members on their role and responsibilities in September.

Finance Committee from Jonathan Harris, Chair

The Finance Committee is required to meet at least quarterly in order to provide independent advice to the Chapter on the Cathedral's finances and investments. An additional meeting is normally held to consider the annual budget. The Finance Committee is made up of Chapter Canon Jonathan Harris as Chair together with representatives from each of the main supporting independent Trusts and the Chapter's nominees and representatives.

Following the Visitation and the Bishop's Charge, the Finance Committee agreed to meet monthly, prior to each Chapter meeting, in order to provide comment and advice on monthly management accounts, the preparation of the budget for 2017 and the writing of a business plan for 2017-2025. During this period, the Finance Committee has sought to assist the Dean and Chapter with taking action to address the underlying deficit and to implement a savings plan.

OTHER COMMITTEES OF CHAPTER

Buildings Committee

A Buildings Committee sits, under the chairmanship of the Chapter, to consider and receive reports on all the Cathedral's building projects and maintenance programmes. During the year, it has regularly monitored the progress of all projects referred to elsewhere in this report.

Health and Safety Committee

A Health and Safety Committee sits quarterly to consider all compliance issues, and is supported by a specialist Health and Safety consultant and fire safety adviser. This Committee also has a specific remit to review any accidents reported in the Cathedral and its precincts.

RELATED ENTITIES

Exeter Cathedral Enterprises Limited

Exeter Cathedral Enterprises Ltd is made up of three separate elements; the Cathedral Café, Shop, and Public Car Parking, and is governed by a board of directors consisting of members of Chapter and Managing Director/Acting Administrator.

The Cathedral Café is located on the ground floor of the Pearson Cloister and is approached from the Cloister Garden. It sells a range of light refreshments and meals, and is fully licensed. In addition, the Café Manager also provides a function catering service, which is used by external customers, as well as by organisations linked to the Cathedral and the Diocese.

The Cathedral Shop is located within the body of the Cathedral and is accessed from the South Quire Aisle. In addition to Cathedral-specific guidebooks and publications, the Shop sells an extensive range of giftware, music, books and postcards, as well as selling Lego™ models of the Cathedral.

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Exeter Cathedral Enterprises Limited (continued)

The Café and the shop have had a very successful year and their financial performance has been very healthy. We are grateful to all concerned for their contribution in brightening the outlook.

During November and December 2016, the Cathedral again hosted a Christmas Market on the Green and this year the market generated valuable additional turnover for the Shop.

The company also oversees the contract for parking management for a limited number of car parking spaces in Deanery Place and Palace Gate, which again, in 2016, have proved a valuable source of income.

As a result of the deed of covenant dated 7 May 1993, the company pays to the Chapter an annual sum equal to the company's taxable profit.

The covenant payable to Dean and Chapter for the year 2016 was £110,129.

FINANCIAL REVIEW

Exeter Cathedral (the Cathedral) is an ecclesiastical corporation established for charitable purposes, excepted from registration under Section 10 of the Charities Act 2011. The Chapter is the Cathedral's executive body and is responsible for investment decisions.

Reserves policy

The Cathedral has annual income of approximately £2.5m from a combination of fund raising, general donations, corporate activities and investment income. The Cathedral's reserves policy is to hold an amount equal to four to six months of planned expenditure as reserves, to ensure continued financial security and to provide for contingencies. Sufficient cash reserves are held to fund day to day expenditure and projects as required.

The Chapter consider the financial period end position of £9,385,434 (2015: £9,272,037) comprising £7,166,728 (2015: £6,974,236) of endowment funds, £836,312 (2015: £844,563) of restricted funds, £345,088 (2015: £71,756) of designated funds and £1,037,306 (2015: £1,381,482) of unrestricted funds to be satisfactory. At the period end the Group had reserves equal to 6 months of expenditure which is in line with the reserves policy.

Apart from its properties within the Cathedral Close, which constitute a significant proportion of its balance sheet valuation, the Cathedral has approximately £2.4m of reserves for investment. The Chapter's investments are in equities and generally held for the long term. The unrestricted element of investments is available for drawdown in exceptional circumstances, and at 31 December 2016 totalled £498,773.

The Chapter has delegated investment decisions to the Finance Committee. Investment management is delegated to an authorised professional investment manager, regulated by the Financial Conduct Authority (FCA).

Investments

At 31 December 2016, the Cathedral held investments of £2,405,392 of which £1,321,983 was held in an investment portfolio managed by Quilter Cheviot and £1,083,409 was held in the Central Board of Finance Investment Fund. Permanent endowment and restricted funds, which are not available for the operational running of the Cathedral, totalled £1,906,619.

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Investment policy

In order to limit exposure to market fluctuations and to reduce risk, the Chapter has developed an agreed investment policy, which is monitored by the Finance Committee and which is reviewed regularly with the Cathedral's professional fund managers.

The Chapter's investment policy is to produce a balanced combination of growth, some immediate income, and the potential for capital and income growth over the longer term. The Chapter's current investment objective and brief is stated below:

Investment objectives

- The Cathedral seeks to produce the best financial return with an acceptable level of risk.

The investment objective for the long-term reserves is to generate a return of at least 5% per annum in excess of inflation over a 5-7 year term to support the on-going activities of the Cathedral.

- The investment objective for the medium term reserves is the preservation of purchasing power and capital value.
- The investment objective for the short-term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

In order to meet these objectives, the Chapter has chosen Quilter Cheviot Investment Management and Charles Stanley Stockbrokers as the Cathedral's professional fund managers. Charles Stanley holds the Cathedral's portfolio of index-linked gilt investments.

Attitude to risk

The Cathedral is reliant on income from commercial activities, fund raising and donations to support its mission and operations. Investment assets are held as reserves, whilst the income derived from them is an essential element of the Cathedral's operational income. The key risk to the long-term reserves is inflation, and the assets should be invested to mitigate this risk over the long term. The Chapter understands that this is likely to mean that investment will be concentrated in real assets and that the capital value will fluctuate. The short-term reserves are held to provide financial security and may be required at short notice. As such capital volatility cannot be tolerated and investment of these assets should be focused on minimising this.

Ethical investment policy

The Chapter has in mind the Church Commissioners' provisions for ethical investments, as advised by the Ethical Investment Advisory Group (EIAG). The EIAG investment policy precludes direct or indirect investment in companies that generate more than a given percentage of revenues from, for example, alcohol, tobacco and munitions manufacture.

Management, Reporting and Monitoring

The Chapter has nominated a list of authorised signatories, to include the Residentiary Canons, the Chair of the Finance Committee, the Managing Director/Acting Administrator and the Head of Finance/Finance Manager, two of whom are required to sign instructions to the investment manager (and one of whom must be a member of Chapter) in the event that additional authority is required.

Exeter Cathedral

Annual Report

For the year ended 31 December 2016

Management, Reporting and Monitoring (continued)

The investment manager will provide the following information on a quarterly basis: valuation of investments, transaction report, cash reconciliation, performance analysis and commentary.

The Finance Committee has responsibility for agreeing strategy and monitoring the investment assets. The investment manager will be required to present a report in person to the Committee on an annual basis, or more frequently if required.

Performance of the long-term reserves will be measured against inflation and agreed market indices. The return of the short-term reserves will be monitored against benchmark cash rates. The level of capital volatility will be monitored to ensure the risk profile remains appropriate for the Cathedral.

Approval and review

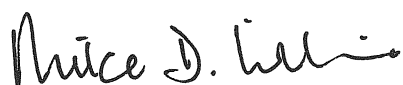
This Investment Policy Statement was prepared by the Finance Committee to provide a framework for the management of the Cathedral's reserves. It will be reviewed at least on an annual basis to ensure continuing appropriateness, and any amendments will be submitted to the Chapter for approval.

There will be an evaluation of the investment manager's performance at least every five years, to include comparison with alternative managers.

Risk management

The evaluation of risk and its active monitoring and assessment are a priority for the organisation. A comprehensive risk register has been produced and progress against it is regularly reported at Chapter Meetings. Furthermore, all future projects undertaken by the Cathedral will include a significant element of risk management in line with PRINCE 2 best practice. Key Health and Safety and compliance risks are monitored and progressed through the Health and Safety Committee.

This annual report was approved by Chapter on 22nd June 2017.....and signed on its behalf by



Mike D Williams
Residentiary Canon
Chair of Chapter

Statement of the Responsibilities of Chapter

The Chapter is responsible under requirements laid down by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999 for:

- Preparing and publishing an annual report and audited financial statements which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the cathedral and its connected entities;
- Stating that they have complied in all material respects with the regulations on the subject prepared by the Cathedrals Administration and Finance Association on behalf of the Church Commissioners or describing which regulations have not been complied with and giving reasons for the non compliance;
- Selecting suitable accounting policies and then applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Keeping proper accounting records from which the financial position of the Cathedral can be ascertained at any time;
- Safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Chapter of The Cathedral Church of St Peter in Exeter

We have audited the financial statements of The Cathedral Church of St Peter in Exeter for the year ended 31 December 2016 which comprise the consolidated statement of financial activities, the consolidated and the entity only balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, Section 27 of the Cathedrals Measure 1999 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102.

This report is made solely to the Chapter members, as a body, in accordance with Section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the Chapter 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 Chapter and the Chapter members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chapter and Auditors

As explained more fully in the Statement of the Responsibilities of Chapter on page 15, the Chapter members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Cathedral's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members of Chapter; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Cathedral's affairs as at 31 December 2016 and of the Group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

Independent auditors' report to the members of Chapter of The Cathedral Church of St Peter in Exeter

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where Cathedral Measure 1999 requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- the Cathedral has not kept adequate and sufficient accounting records; or
- the Cathedral 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.

Robinson Reed Layton

Robinson Reed Layton
Chartered Accountants
Registered Auditors

Peat House
Newham Road
TRURO
TR1 2DP

26 June 2017

Consolidated statement of financial activities (Exeter Cathedral and Exeter Cathedral Enterprises Limited)

For the year ended 31 December 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Income and endowments from:							
Donations and legacies		282,457	204,205	598,860	-	1,085,522	1,056,429
Grants in support of mission		22,064	-	455,205	-	477,269	965,359
Charges and fees arising in the course of Mission		43,295	-	-	-	43,295	39,164
Trading and fundraising		1,141,016	-	-	-	1,141,016	1,092,116
Investments		152,452	-	22,291	-	174,743	159,462
Other income		5,672	-	-	-	5,672	27,381
Total income	4	1,646,956	204,205	1,076,356	-	2,927,517	3,339,911
Expenditure on:							
Raising funds		990,384	59,723	64,652	-	1,114,759	962,538
Ministry		426,440	12,100	462,658	-	901,198	875,675
Cathedral and precincts upkeep		432,494	-	494,866	-	927,360	1,181,579
Education and outreach		43,442	4,050	73,633	-	121,125	212,680
Community and congregation		14,077	-	4,008	-	18,085	9,516
Total expenditure	5	1,906,837	75,873	1,099,817	-	3,082,527	3,241,988
Net (outgoing)/incoming resources before investment gains		(259,881)	128,332	(23,461)	-	(155,010)	97,923
Unrealised gains/(losses) on investments		78,517	-	15,210	196,891	290,618	(10,045)
Realised losses on investments		(17,812)	-	-	(29,399)	(47,211)	(9,068)
Net (expenditure)/income		(199,176)	128,332	(8,251)	167,492	88,397	78,810
Transfers between funds		(145,000)	145,000	-	-	-	-
Other recognised gains							
Gains on revaluation of fixed assets		-	-	-	25,000	25,000	-
Net movement in funds		(344,176)	273,332	(8,251)	192,492	113,397	78,810
Reconciliation of funds:							
Funds brought forward		1,381,482	71,756	844,563	6,974,236	9,272,037	9,193,227
Funds carried forward		1,037,306	345,088	836,312	7,166,728	9,385,434	9,272,037

Consolidated balance sheet

(Exeter Cathedral and Exeter Cathedral Enterprises Limited)

As at 31 December 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Fixed assets							
Investment assets							
Property	7	-	-	-	1,405,000	1,405,000	880,000
Investments	8	498,773	-	152,235	1,754,384	2,405,392	2,265,317
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		498,773	-	152,235	3,159,384	3,810,392	3,145,317
Non-investment assets							
Property for clergy, virgers & director of music	10	-	-	-	3,205,000	3,205,000	3,705,000
Property for Cathedral use (including library and archives)	11	-	-	-	726,000	726,000	726,000
Equipment and plant	12	8,727	-	506,121	-	514,848	551,714
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		8,727	-	506,121	3,931,000	4,445,848	4,982,714
Total fixed assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		507,500	-	658,356	7,090,384	8,256,240	8,128,031
Current assets							
Stocks	13	70,802	-	-	-	70,802	59,670
Debtors	14	132,299	-	93,957	-	226,256	513,340
Cash at bank and in hand		542,166	345,088	125,347	76,344	1,088,945	833,665
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		745,267	345,088	219,304	76,344	1,386,003	1,406,675
Liabilities due within one year							
	15	(215,461)	-	(41,348)	-	(256,809)	(262,669)
Net current assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		529,806	345,088	177,956	76,344	1,129,194	1,114,006
Net assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,037,306	345,088	836,312	7,166,728	9,385,434	9,272,037
Funds							
General fund	16	1,037,306	-	-	-	1,037,306	1,381,482
Designated funds	16	-	345,088	-	-	345,088	71,756
Restricted funds	17	-	-	836,312	-	836,312	844,563
Endowment funds	18	-	-	-	7,166,728	7,166,728	6,974,236
Total funds							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,037,306	345,088	836,312	7,166,728	9,385,434	9,272,037

These financial statements were approved by the Chapter on 22nd June 2017 and were signed on its behalf by:


Mike D Williams
Residentiary Canon/Chair of Chapter

Exeter Cathedral



Cathedral balance sheet (Exeter Cathedral only)

As at 31 December 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Fixed assets							
Investment assets							
Property	7	-	-	-	1,405,000	1,405,000	880,000
Investments	8	574,494	-	152,235	1,754,384	2,481,113	2,341,038
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		574,494	-	152,235	3,159,384	3,886,113	3,221,038
Non-investment assets							
Property for clergy, virgers & director of music	10	-	-	-	3,205,000	3,205,000	3,705,000
Property for Cathedral use (including library and archives)	11	-	-	-	726,000	726,000	726,000
Equipment and plant	12	2,299	-	506,121	-	508,420	543,606
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		2,299	-	506,121	3,931,000	4,439,420	4,974,606
Total fixed assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		576,793	-	658,356	7,090,384	8,325,533	8,195,644
Current assets							
Stocks	13	2,375	-	-	-	2,375	2,375
Debtors	14	158,352	-	93,957	-	252,309	502,385
Cash at bank and in hand		458,571	345,088	125,347	76,344	1,005,350	782,424
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		619,298	345,088	219,304	76,344	1,260,034	1,287,184
Liabilities due within one year							
	15	(161,199)	-	(41,348)	-	(202,547)	(214,885)
Net current assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		458,099	345,088	177,956	76,344	1,057,487	1,072,299
Net assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,034,892	345,088	836,312	7,166,728	9,383,020	9,267,943
Funds							
General fund	16	1,034,892	-	-	-	1,034,892	1,377,388
Designated funds	16	-	345,088	-	-	345,088	71,756
Restricted funds	17	-	-	836,312	-	836,312	844,563
Endowment funds	18	-	-	-	7,166,728	7,166,728	6,974,236
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,034,892	345,088	836,312	7,166,728	9,383,020	9,267,943

These financial statements were approved by the Chapter on 22nd June 2017 and were signed on its behalf by:

Mike D. Williams

Mike D Williams
Residentiary Canon/Chair of Chapter

Consolidated cash flow statement (Exeter Cathedral and Exeter Cathedral Enterprises Limited)

For the year ended 31 December 2016

	Notes	£	2016 £	£	2015 £
Cash flows from operating activities					
Net cash used in operating activities	19		(12,212)		(174,961)
Cash flows from investing activities					
Rents received net of costs		80,331		69,676	
Investment income received net of costs		83,829		85,036	
Purchase of property, plant and equipment		-		(8,615)	
Proceeds from sale of investments		255,012		193,691	
Purchase of investments		(151,680)		(186,747)	
Net cash provided by investing activities			267,492		153,041
Change in cash and cash equivalents in the reporting period			255,280		(21,920)
Cash and cash equivalents at the beginning of the reporting period	19		833,665		855,585
Cash and cash equivalents at the end of the reporting period	19		1,088,945		833,665

1. **Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 **Basis of preparation**

The financial statements have been prepared in accordance with the Accounting and Reporting Regulations for English Anglican Cathedrals, the Accounting and Reporting by Charities: Statement of Recommended Practice (Financial Reporting Standard 102) (SORP (FRS 102)) and applicable accounting standards. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared on the going concern basis.

The Chapter have considered the level of income and expenditure for 12 months from the date of approving these financial statements. In their opinion, the budgeted income and expenditure combined with the reserves held will enable the Cathedral to continue as a going concern.

The financial statements are prepared in sterling which is the functional currency of the Cathedral and is rounded to the nearest £1.

The financial statements of Exeter Cathedral Enterprises Limited have been consolidated in these financial statements on a line by line basis. Income from the following bodies have been included in these financial statements on a receivable basis – Exeter Cathedral Preservation Trust, the Friends of Exeter Cathedral and Exeter Cathedral Music Foundation Trust. These trusts are independently administered.

The treatment of the above items is in accordance with the recommendations of the regulations. Further details are given in note 23.

Charitable Trusts administered by Exeter Cathedral are separately registered charities and have not been included in these financial statements.

1.2 **Income recognition policies**

All incoming resources are included in the financial statements when the Cathedral is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For legacies, entitlement is the earlier of the Cathedral being notified of an impending distribution and the legacy being received. At this point income is recognised. On occasion legacies will be notified to the Cathedral; however, it is not possible to measure the amount expected to be distributed. On these occasions, the legacy is treated as a contingent asset and disclosed if material.

Income from grants is recognised at fair value when the Cathedral has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then recognition of these amounts is deferred.

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is recognised when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the Cathedral's right to receive payment is established.

1. Accounting policies (continued)

1.3 **Donated services and facilities**

Donated services or facilities are recognised as income when the Cathedral has control over the item, any conditions associated with the donated item have been met and the receipt of economic benefit from the use by the Cathedral of the item is probable and can be measured reliably. On receipt, donated services and facilities are recognised on the basis of the value of the gift to the Cathedral which is the amount the Cathedral would have been willing to pay on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

In accordance with the Charities SORP (FRS 102) general volunteer time is not recognised within the financial statements.

1.4 **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1.5 **Repairs, restoration and maintenance of the Cathedral**

The cost of repairs, restoration and maintenance of the Cathedral is charged to the statement of financial activities in the year incurred.

1.6 **Allocation of support costs**

Support costs are those that assist the work of the Cathedral but do not directly represent charitable activities. Where support costs cannot be directly attributable to a particular heading they have been allocated to activities based on the direct cost they support, subject to adjustments for non-recurring items. The analysis of these costs is included in note 6.

1.7 **Operating leases**

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the period of lease.

1.8 **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Inventory, fixtures, fittings and equipment	4% - 33%
---	----------

No depreciation is provided on freehold land or buildings. The Chapter has a policy and practice of regular maintenance and repair such that its buildings are kept in a continual state of sound repair. Accordingly, the Chapter considers that the useful economic lives of these assets are so long and their residual values are so high, that their depreciation would not be material. Residual values are based on valuations prevailing at the balance sheet date.

1. Accounting policies (continued)

1.9 *The Cathedral and the Inventory*

No value is attributed to the Cathedral and the Inventory prepared under S13(1) of the Care of Cathedrals Measure 1990 as being of architectural, archaeological, artistic or historic importance as at 31 December 2002. However, material enhancements to property and items acquired for the inventory after that date are capitalised.

1.10 *Investment properties*

Investment properties for which fair value can be measured reliably without undue cost or effect are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the statement of financial activities.

1.11 *Investments*

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently they are measured at fair value with changes recognised in 'net gains/ (losses) on investments' in the statement of financial activities if the shares are publically traded or their fair value can otherwise be measured reliably.

For quoted shares, the fair value is deemed to be the quoted bid price as at the balance sheet date.

Investments in subsidiaries are measured at cost less impairment.

1.12 *Stocks*

Stocks are stated at the lower of cost and net realisable value.

1.13 *Debtors*

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 *Cash at bank and in hand*

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 *Creditors and provisions*

Creditors and provisions are recognised where the Cathedral has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.16 *Employee benefits*

When employees have rendered service to the Cathedral, short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Cathedral operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

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

1. Accounting policies (continued)

1.17 *Heritage assets*

Heritage assets are recognised on the balance sheet and initially measured at cost when purchased or if donated, their valuation. Assets are subsequently stated at cost or valuation less accumulated depreciation.

Where information on the cost or valuation of heritage assets is not available or the cost of providing such information significantly outweighs any benefit to the users of the financial statements then heritage assets are not recognised on the balance sheet.

A register of all assets held by the Cathedral is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

1.18 *Funds*

Unrestricted Funds

Funds which can be applied for any of the purposes for which the Chapter was established. The unrestricted fund is the General Fund through which are passed all the regular items of income and expenditure relating to the day-to-day running of the Cathedral.

Designated Funds

Unrestricted funds set aside for specific purposes and which would otherwise form part of the General Fund.

Restricted Funds

Funds that have restrictions imposed by donors and can only be applied for the particular purposes specified by donors.

Endowment Funds

Endowment funds are capital funds which must generally be held indefinitely although the composition can be changed.

Exeter Cathedral

Notes

(forming part of the financial statements)



2. Prior year consolidated statement of financial activities

	Notes	Unrestricted funds £	Designated funds £	Restricted funds	Endowment funds £	Total 2015 £
Income and endowments from:						
Donations and legacies		402,096	72,310	582,023	-	1,056,429
Grants in support of mission		49,765	17,114	898,480	-	965,359
Charges and fees arising in the course of Mission		39,164	-	-	-	39,164
Trading and fundraising		1,024,303	67,813	-	-	1,092,116
Investments		131,107	-	28,355	-	159,462
Other income		26,381	-	-	1,000	27,381
Total income	4	1,672,816	157,237	1,508,858	1,000	3,339,911
Expenditure on:						
Raising funds		860,742	76,637	25,159	-	962,538
Ministry		248,367	17,114	610,194	-	875,675
Cathedral and precincts upkeep		296,229	-	885,350	-	1,181,579
Education and outreach		47,336	460	164,884	-	212,680
Community and congregation		2,937	-	6,579	-	9,516
Total expenditure	5	1,455,611	94,211	1,692,166	-	3,241,988
Net incoming/(outgoing) resources before investment gains		217,205	63,026	(183,308)	1,000	97,923
Unrealised (losses)/gains on investments		(5,288)	-	1,840	(6,597)	(10,045)
Realised losses on investments		(5,464)	-	-	(3,604)	(9,068)
Net income/(expenditure)		206,453	63,026	(181,468)	(9,201)	78,810
Other recognised gains						
Gains on revaluation of fixed assets		-	-	-	-	-
Net movement in funds		206,453	63,026	(181,468)	(9,201)	78,810
Reconciliation of funds:						
Funds brought forward		1,175,029	8,730	1,026,031	6,983,437	9,193,227
Funds carried forward		1,381,482	71,756	844,563	6,974,236	9,272,037

Exeter Cathedral

Notes

(forming part of the financial statements)



3. Financial performance of the Cathedral

The consolidated statement of financial activities includes the results of the Cathedral's wholly owned subsidiary.

The summary financial performance of the Cathedral alone is:

	2016 £	2015 £
Income	2,467,249	2,913,616
Deed of covenant from subsidiary	110,129	40,123
	<hr/>	<hr/>
	2,577,378	2,953,739
Expenditure	(2,730,708)	(2,884,882)
Net gains/(losses) on investments	243,407	(19,113)
Gains on revaluation of fixed assets	25,000	-
	<hr/>	<hr/>
Net income	115,077	49,744
Total funds brought forward	9,267,943	9,218,199
	<hr/>	<hr/>
Total funds carried forward	9,383,020	9,267,943
	<hr/>	<hr/>
Represented by:		
General funds	1,034,892	1,377,388
Designated funds	345,088	71,756
Restricted funds	836,312	844,563
Endowment funds	7,166,728	6,974,236
	<hr/>	<hr/>
	9,383,020	9,267,943
	<hr/>	<hr/>

Exeter Cathedral

Notes

(forming part of the financial statements)



4. Income and receipt of endowment from:

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Donations and legacies						
Congregational collections and giving	146,804	-	-	-	146,804	145,717
Donations	103,274	-	114,054	-	217,328	128,459
Grand Nave Dinner	-	-	-	-	-	67,675
Tax recoverable under Gift Aid on voluntary donations	32,379	-	17,576	-	49,955	37,242
Income from Friends and local trusts	-	12,100	409,230	-	421,330	414,392
Legacies	-	192,105	58,000	-	250,105	262,944
	282,457	204,205	598,860	-	1,085,522	1,056,429
Grants						
Church Commissioners	-	-	213,619	-	213,619	212,518
Heritage Lottery Fund grants	-	-	-	-	-	70,114
Church Care grants	-	-	193,024	-	193,024	440,277
Other revenue and capital grants	22,064	-	48,562	-	70,626	242,450
	22,064	-	455,205	-	477,269	965,359
Charges and fees arising in the course of the mission						
Facility and other fees	43,295	-	-	-	43,295	39,164
	43,295	-	-	-	43,295	39,164
Trading and fundraising						
Charges to visitors	411,019	-	-	-	411,019	372,413
Income from lettings of cathedral or other buildings	147,291	-	-	-	147,291	134,466
Grand Nave Dinner	-	-	-	-	-	67,813
Other trading activities	582,706	-	-	-	582,706	517,424
	1,141,016	-	-	-	1,141,016	1,092,116
Investments						
Income from investment property	84,692	-	-	-	84,692	69,676
Income from other investments	65,945	-	21,048	-	86,993	86,332
Interest receivable on short term deposits	1,815	-	1,243	-	3,058	3,454
	152,452	-	22,291	-	174,743	159,462
Other incoming resources						
Insurance recoveries	-	-	-	-	-	22,292
Other items	5,672	-	-	-	5,672	5,089
	5,672	-	-	-	5,672	27,381
Total income	1,646,956	204,205	1,076,356	-	2,927,517	3,339,911

Exeter Cathedral

Notes

(forming part of the financial statements)



5. Expenditure on:

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2016 £	Total 2015 £
Raising funds						
Costs of facilities for visitors	27,473	-	31,639	-	59,112	124,777
Cost of facilities for visitors (staff)	216,834	-	1,000	-	217,834	164,198
Costs of services directly recoverable	12,730	-	960	-	13,690	10,342
Other trading activities	470,694	-	4,918	-	475,612	427,859
General marketing costs	64,530	-	14,034	-	78,564	51,894
Cloisters Plus expenditure	-	59,723	-	-	59,723	41,144
Grand Nave Dinner	-	-	-	-	-	35,493
Costs of fundraising	187,540	-	12,101	-	199,641	102,081
Investment property costs	4,361	-	-	-	4,361	-
Investment management costs	6,222	-	-	-	6,222	4,750
	990,384	59,723	64,652	-	1,114,759	962,538
Ministry						
Clergy stipends and working expenses	42,443	-	170,432	-	212,875	186,961
Clergy housing costs	29,375	-	87	-	29,462	38,886
Clergy support costs	14,507	-	1,422	-	15,929	22,518
Cost of services	95,602	-	44,620	-	140,222	157,098
Cost of music (i)	244,513	12,100	194,097	-	450,710	403,906
Organ restoration	-	-	-	-	-	66,306
De Pass legacy paid to Trust	-	-	52,000	-	52,000	-
	426,440	12,100	462,658	-	901,198	875,675
Cathedral and precincts upkeep						
Works funded by trusts and others	-	-	395,569	-	395,569	700,038
Maintenance and interior upkeep	315,748	-	86,240	-	401,988	269,189
Cathedral insurance	75,155	-	-	-	75,155	65,015
Precincts, security & gardens upkeep	41,591	-	13,057	-	54,648	147,337
	432,494	-	494,866	-	927,360	1,181,579
Education and outreach						
Educational activities	-	-	34,168	-	34,168	121,666
Library & archives	43,442	-	39,465	-	82,907	90,554
Other	-	4,050	-	-	4,050	460
	43,442	4,050	73,633	-	121,125	212,680
Community	14,077	-	4,008	-	18,085	9,516
Total expenditure	1,906,837	75,873	1,099,817	-	3,082,527	3,241,988

(i) Cost of music comprises the following:

	2016 £	2015 £
Directors' pay, accommodation and expenses	96,539	73,091
Choir	61,793	60,084
Music Outreach	19,653	19,465
Chorister scholarships, bursaries, expenses	135,106	130,492
Choral scholar's grants and accommodation	15,000	13,466
Instrument and equipment costs	10,633	9,825
Liturgy and music department	22,978	23,950
Support costs	89,008	73,533
	450,710	403,906

Exeter Cathedral

Notes

(forming part of the financial statements)



6. Administrative expenses included in statement of financial activities

	Raising funds £	Ministry £	Cathedral and precinct upkeep £	Education and outreach £	Community and congregation £	Total 2016 £
<i>Unrestricted funds:</i>						
The Cloisters premises costs	11,743	11,569	12,600	1,265	410	37,587
Staff costs	48,685	47,963	52,240	5,244	1,700	155,832
Printing, postage and stationery costs	6,698	6,598	7,187	721	234	21,438
Conference, subscriptions, travel and subsistence	2,416	2,380	2,592	260	85	7,733
Information technology costs	11,266	11,099	12,089	1,214	392	36,060
Cleaning costs	1,295	1,275	1,389	139	46	4,144
Operational and sundry costs	881	872	948	97	32	2,830
Bank charges	1,174	1,156	1,260	126	41	3,757
Compliance costs	18,836	18,556	20,210	2,029	657	60,288
Professional and consulting costs	26,461	26,068	28,393	2,850	923	84,695
Audit and accountancy fees	2,964	2,920	3,180	319	103	9,486
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	132,419	130,456	142,088	14,264	4,623	423,850
<i>Restricted funds:</i>						
Staff costs	53,783	13,443	15,865	4,257	-	87,348
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	186,202	143,899	157,953	18,521	4,623	511,198
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Administration expenses of £511,198 (2015: £425,003) have been apportioned in line with expenditure (adjusted for material distortions).

7. Investment property – Group and Cathedral

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<i>Valuation</i>					
At beginning of year	-	-	-	880,000	880,000
Revaluation	-	-	-	25,000	25,000
Transfer in (Note 10)	-	-	-	500,000	500,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	-	1,405,000	1,405,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The above freehold properties were valued by Savills (L&P) Limited, Chartered Surveyors at open market value for existing use on 31 December 2012. The property transferred in during the year was valued by Drew Pearce, Chartered Surveyors at open market value for existing use at 31 March 2014. The Chapter is of the opinion that the values have not changed significantly at 31 December 2016.

Exeter Cathedral

Notes

(forming part of the financial statements)



8. Investments

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
Group					
<i>Market value</i>					
At beginning of year	477,054	-	137,025	1,651,238	2,265,317
Additions	57,228	-	-	94,452	151,680
Disposals	(114,026)	-	-	(188,197)	(302,223)
Revaluation	78,517	-	15,210	196,891	290,618
At end of year	498,773	-	152,235	1,754,384	2,405,392
Cathedral					
<i>Market value</i>					
At beginning of year	552,775	-	137,025	1,651,238	2,341,038
Additions	57,228	-	-	94,452	151,680
Disposals	(114,026)	-	-	(188,197)	(302,223)
Revaluation	78,517	-	15,210	196,891	290,618
At end of year	574,494	-	152,235	1,754,384	2,481,113
			Listed investments £	Unlisted Investments £	Total £
Group					
<i>Market value</i>					
At beginning of year			1,264,420	1,000,897	2,265,317
Additions			151,680	-	151,680
Disposals			(302,223)	-	(302,223)
Revaluation			208,106	82,512	290,618
At end of year			1,321,983	1,083,409	2,405,392
		Shares in subsidiary undertaking £	Listed investments £	Unlisted investment £	Total £
Cathedral					
<i>Market value</i>					
At beginning of year		75,721	1,264,420	1,000,897	2,341,038
Additions		-	151,680	-	151,680
Disposals		-	(302,223)	-	(302,223)
Revaluation		-	208,106	82,512	290,618
At end of year		75,721	1,321,983	1,083,409	2,481,113

9. Exeter Cathedral Enterprises Limited

The Cathedral's wholly owned trading subsidiary, Exeter Cathedral Enterprises Limited is incorporated in England and Wales (company number 01868645) and pays all of its taxable profits to the Cathedral under a deed of covenant. The financial statements for the year ended 31 December 2016 were audited and the audit report was unqualified.

A summary of the trading results are shown below:

	2016 £	2015 £
Turnover	498,934	464,162
Cost of sales and administrative expenses	(390,511)	(394,999)
Interest receivable	26	26
Net profit	108,449	69,189
Covenant payable to Cathedral	(110,129)	(40,123)
Retained in subsidiary	(1,680)	29,066
The assets and liabilities of the subsidiary were:	2016 £	2015 £
Fixed assets	6,428	8,108
Current assets	163,940	127,872
Current liabilities	(92,233)	(56,165)
Total net assets	78,135	79,815
Aggregate share capital and reserves	78,135	79,815

10. Property for use by clergy, virgers and director of music – Group and Cathedral

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<i>Valuation</i>					
At beginning of year	-	-	-	3,705,000	3,705,000
Transfer out (Note 7)	-	-	-	(500,000)	(500,000)
At end of year	-	-	-	3,205,000	3,205,000

The freehold property was valued by Drew Pearce, Chartered Surveyors at open market value for existing use on 31 March 2014. The Chapter is of the opinion that the values have not changed significantly at 31 December 2016.

No value has been attributed to the shop and cafe which are both within the main Cathedral building.

Exeter Cathedral

Notes

(forming part of the financial statements)



11. Property for Cathedral use – Group and Cathedral

	Restricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<i>Valuation</i>					
At beginning and end of year	-	-	-	726,000	726,000

The freehold property was valued by Drew Pearce, Chartered Surveyors at open market value for existing use on 25 March 2015. The Chapter is of the opinion that the values have not changed significantly at 31 December 2016.

12. Equipment and plant

Group					£
Cost					
At beginning and end of year					729,408
Depreciation					
At beginning of year					177,694
Charge for year					36,866
At end of year					214,560
Net book value					
At end of year					514,848
At beginning of year					551,714
Cathedral					
Cost					
At beginning and end of year					696,053
Depreciation					
At beginning of year					152,447
Charge for year					35,186
At end of year					187,633
Net book value					
At end of year					508,420
At beginning of year					543,606

13. Stocks

	Group 2016 £	2015 £	Cathedral 2016 £	2015 £
Building materials	2,375	2,375	2,375	2,375
Goods for resale	68,427	57,295	-	-
	70,802	59,670	2,375	2,375

Exeter Cathedral

Notes

(forming part of the financial statements)



14. Debtors

	Group 2016 £	2015 £	Cathedral 2016 £	2015 £
Exeter Cathedral Enterprises Limited	-	-	37,971	8,381
Recoverable taxation	28,532	45,563	28,532	45,563
Other debtors	68,263	113,531	63,674	102,727
Prepayments and accrued income	97,294	314,253	89,965	305,721
Exeter Cathedral Preservation Trust	6,019	38,207	6,019	38,207
Friends of Exeter Cathedral	26,148	1,786	26,148	1,786
	226,256	513,340	252,309	502,385

15. Liabilities due within one year

	Group 2016 £	2015 £	Cathedral 2016 £	2015 £
Trade creditors	125,643	139,474	99,097	114,350
Planned giving	9,726	9,795	9,726	9,795
Taxation and social security	25,752	25,363	24,570	23,891
Other creditors	21,495	21,961	2,014	7,328
Accruals and deferred income	51,193	66,076	44,140	59,521
Pension Scheme liability (note 25)	23,000	-	23,000	-
	256,809	262,669	202,547	214,885

16. Unrestricted and designated funds

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains and losses £	At end of year £
Group						
Designated funds:						
Cloisters Plus	63,486	-	(59,723)	145,000	-	148,763
Fine art	8,270	-	(4,050)	-	-	4,220
Legacies	-	192,105	-	-	-	192,105
Harrington Choristers Bursaries	-	12,100	(12,100)	-	-	-
	71,756	204,205	(75,873)	145,000	-	345,088
General fund	1,381,482	1,646,956	(1,906,837)	(145,000)	60,705	1,037,306
	1,453,238	1,851,161	(1,982,710)	-	60,705	1,382,394
Cathedral						
Designated Funds						345,088
General Fund						1,034,892

Details of designated funds:

Cloisters Plus – Funds designated to improve the visitor experience at the Cathedral.

Fine Art – Funds designated to preserve and maintain the artwork owned by the Cathedral.

Legacies – Funds designated for future projects.

Harrington Choristers Bursaries – Funds designated for chorister bursaries.

Exeter Cathedral

Notes

(forming part of the financial statements)



17. Restricted funds – Group and Cathedral

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains/ (losses) £	At end of year £
Exeter Cathedral Music Foundation Trust	-	125,000	(125,000)	-	-	-
Exeter Cathedral Preservation Trust	-	69,713	(69,713)	-	-	-
Friends of Exeter Cathedral	-	214,517	(214,517)	-	-	-
Church Care and LPWS	-	201,830	(201,830)	-	-	-
Church Commissioners	-	213,619	(213,619)	-	-	-
Headley Trust	-	29,000	(23,402)	-	-	5,598
Organ Fund	11,948	7	(5,372)	-	-	6,583
Library Fund	31,644	25,803	(23,237)	-	-	34,210
Fabric funds	17,696	6,565	-	-	13,930	38,191
Chorister Outreach Programme	10,011	51,564	(19,653)	-	-	41,922
Music funds	42,598	24,411	(11,899)	-	-	55,110
Walker Memorial	-	3,150	(2,040)	-	-	1,110
Liturgy/mission funds	30,113	373	-	-	1,280	31,766
Nave sanctuary furniture	-	5,694	(5,694)	-	-	-
Stubbs legacy	5,101	-	-	-	-	5,101
Audio Tour	4,618	-	-	-	-	4,618
Cloister Club	50	-	(49)	-	-	1
Image Screen	6,551	-	(3,578)	-	-	2,973
Education donation	4,493	5,188	(4,191)	-	-	5,490
Chapter Discretionary Fund	5,697	3,129	(510)	-	-	8,316
Holy Ground	2,491	1,430	(1,725)	-	-	2,196
SOAR & Wednesday Café	8,425	2,953	(1,688)	-	-	9,690
Sundays @7	-	508	(35)	-	-	473
Visitor leaflets	-	2,415	(1,439)	-	-	976
Education Project	28,881	-	(27,616)	-	-	1,265
Choir Tour Funds	5,012	3,444	(4,674)	-	-	3,782
Harrington Books/Cases	287	-	-	-	-	287
Nativity	1,800	2,000	(2,132)	-	-	1,668
Music legacy	86,784	-	(44,161)	-	-	42,623
Bell project	3,215	14,176	-	-	-	17,391
Alter Cloth	-	1,470	(1,470)	-	-	-
Stonemasons Education Fund	-	4,397	(546)	-	-	3,851
Volunteer Manager	-	1,000	(1,000)	-	-	-
Organ Scholar	-	1,000	(1,000)	-	-	-
Clinton Cross restoration	-	3,000	-	-	-	3,000
St Peters singers	-	2,000	-	-	-	2,000
Dust Extractor	-	5,000	(5,000)	-	-	-
De Pass Legacy - Music	-	52,000	(52,000)	-	-	-
Capital funds						
Library Capital Fund	530,290	-	(27,597)	-	-	502,693
Nave Sanctuary Furniture Capital Fund	3,120	-	(1,069)	-	-	2,051
Education Project Capital Fund	3,738	-	(2,361)	-	-	1,377
	<u>844,563</u>	<u>1,076,356</u>	<u>(1,099,817)</u>	<u>-</u>	<u>15,210</u>	<u>836,312</u>

Details of restricted funds:

The Cathedral is supported by grants from three charitable Trusts:

- **Exeter Cathedral Music Foundation Trust** which provides funds for the provision and maintenance of the Music and Choir;
- **Exeter Cathedral Preservation Trust** which provides funds for charitable purposes connected with the Cathedral such as repair and maintenance of the fabric of the Cathedral and associated buildings; and
- **Friends of Exeter Cathedral** who seek to further the religious and other charitable work of the Cathedral.

17. Restricted funds (continued)

Church Care

This fund consists of funding from Church Care towards various restoration based projects.

Church Commissioners

The Commissioners fund the stipends and on-costs of the Dean and two Residentiary Canons and make a contribution towards the salaries of lay staff.

Headley Trust

This is a grant to help fund the costs of the repair work, recording and conservation of the East End of the Cathedral.

Heritage Lottery Fund

This fund consists of funding from the Heritage Lottery Fund for educational activities.

Organ Fund

These are funds raised for the restoration of the organ which are now held on deposit/invested for this purpose by the Dean & Chapter.

Library Fund

These are funds raised for improvements to the library and archives and invested/held on deposit for this purpose by the Dean & Chapter.

Fabric funds

These funds are applied to the repair and restoration of the fabric of the Cathedral and include legacies and accrued interest.

Chorister Outreach Programme

This is comprised of funds to encourage and develop singing for primary school children in Devon.

Walker Memorial

This comprises of donations to fund sheet music in memory of Malcolm Walker.

Music funds

These are comprised of funds for bursaries which are awarded annually to Cathedral choristers, funds to support purchase and/or maintenance of Cathedral instruments and a fund for the Choir Schools Outreach initiative which is a programme to involve schoolchildren in church music.

Liturgy/Mission funds

These funds currently consist of the Tremlett legacy (for maintenance of the High Altar), grants and donations.

Nave Sanctuary Furniture

This fund is comprised of money donated towards furniture for the Nave Sanctuary.

Stubbs legacy

This fund consists of a legacy to fund liturgy.

Audio tour

This fund consists of a donation from Original Style to fund an audio tour of the Cathedral.

Cloister Club

This fund consists of donations toward the Cloister Club for children aged 4-12+.

Image Screen

This fund consists of funding from the Princes Trust for maintenance to the Image Screen on the West Front.

Education donation

This fund consists of a donation specifically to fund educational activities.

Chapter Discretionary Fund

This fund consists of donations specifically to alleviate hardship. Payments are authorised by the Dean and Chapter.

17. Restricted funds (continued)

Holy Ground

These consist of grants and donations to fund the project which provides a base for spiritual searchers outside of the traditional church.

SOAR (Supper on a Run)

These are donations which fund the weekly supper provided to homeless and disadvantaged persons.

Sundays @7

These are donations to fund the project to provide an informal Eucharist once a week.

Visitor leaflets

Donations for cost of the walk around leaflets for visitors.

Education Project

This consists of funding for educational activities and has been used for match funding for the Heritage Lottery Fund bid.

Choir Tour Funds

This consists of funding for the Cathedral Choir to go on tour.

Friday Night Café

This consists of funding for food for the homeless.

Harrington books/cases

This fund consists of the sale proceeds of furniture left to the Cathedral by Harrington and will be used to fund new library furniture.

Nativity

This consists of funding for the costs of the 2015 and 2016 Christmas nativity.

Music legacy

This was a legacy given to assist the choir and choristers of Exeter Cathedral with bursaries, scholarships and other costs.

Bell project

This fund is for the repair and maintenance of the bells and bell frames.

Alter Cloth

This was a donation to provide a new alter frontal as a memorial.

Stonemasons Education Fund

This is a bursary from The Worshipful Company of Masons to support an apprentice through his training.

Volunteer Manager

This was a donation from Wollen Michelmores Solicitors to support the cost of a Volunteer Manager.

Organ Scholar

This is an annual donation from The Michael James Trust to support the cost of an Organ Scholar

Clinton Cross Restoration

A donation given by the Clinton family to have repairs done to the Clinton Cross

St Peters Singers

These are donations to replace the Cassocks of the St Peters Singers Choir.

Dust Extractor

A legacy for the fabric of the building used to install a dust extractor in the stonemasons workshop

De Pass legacy – Music

This was a legacy restricted to music, Chapter have passed this to the Exeter Cathedral Music Foundation Trust.

Exeter Cathedral

Notes

(forming part of the financial statements)



18. Endowment fund – Group and Cathedral

	£
At beginning of year	6,974,236
Realised losses on disposal of investments	(29,399)
Unrealised gains on investments	196,891
Gains on revaluation of fixed assets	25,000
	<hr/>
At end of year	7,166,728
	<hr/>

19. Reconciliation of net (outgoing)/incoming resources before investment gains to net cash used in operating activities

	2016 £	2015 £
Net (outgoing)/incoming resources before investment gains	(155,010)	97,923
<i>Adjustments for:</i>		
Depreciation charges	36,866	40,732
Income from property and investments	(174,743)	(159,462)
Property management costs, rental collection fees and investment management costs	10,583	4,750
Decrease in stocks	(11,132)	(10,030)
Decrease/(increase) in debtors	287,084	(150,626)
(Decrease)/increase in creditors	(5,860)	1,752
	<hr/>	<hr/>
Net cash used in operating activities	(12,212)	(174,961)
	<hr/>	<hr/>

Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	3,523	2,766
Cash at bank	1,085,422	830,899
	<hr/>	<hr/>
Total cash and cash equivalents	1,088,945	833,665
	<hr/>	<hr/>

20. Staff and Clergy numbers and costs

The average number (full time equivalents) of employees and clergy during the year was 56 (2015: 56). Part time staff are included on the basis of full time equivalents. This number is divided as follows: clergy 4 (2015: 4), music and ministry 10 (2015: 10), upkeep 11 (2015: 11), administration 9 (2015: 10), fundraising 3 (2015: 3), visitors 12 (2015: 11), education 1 (2015: 1), Exeter Cathedral Enterprises Limited 6 (2015: 6). The total average number of employees during the year was 84 (2015: 84).

The cost of these staff was as follows:

	2016 £	2015 £
Salaries and stipends	1,123,625	1,143,020
Termination Payments	26,582	39,142
Employer's national insurance	82,532	80,291
Employer's pension costs	64,057	46,892
	1,296,796	1,309,345

The number of employees whose remuneration fell within the following bands was:

	2016 No.	2015 No.
£70,001 - £80,000	1	-

During the year ended 31 December 2016 pension contributions on behalf of the above employees totalled £3,000 (2015: £Nil).

21. Cost of key management personnel

The key management personnel of the Cathedral and its subsidiary consist of Staff with Management Responsibilities as detailed on page 1. The employee benefits of key management personnel total £264,356 (2015: £258,603).

22. Auditors remuneration

	Group 2016 £	2015 £	Cathedral 2016 £	2015 £
Audit services	12,250	14,000	8,700	10,200
Other services	2,350	625	2,100	625
	14,600	14,625	10,800	10,825

23. Associated entities not controlled by the Chapter

These entities are not controlled by Exeter Cathedral but the Cathedral is the sole beneficiary of these Trusts. Amounts shown as paid or payable to the Cathedral have been included as voluntary income.

	Friends of Exeter Cathedral 31 December 2016 £	Exeter Cathedral Music Foundation Trust 31 December 2016 £	Exeter Cathedral Preservation Trust 31 December 2016 £
Income and expenditure			
Gross income	741,408	249,816	24,670
Net movement in funds before payments to Cathedral	1,186,519	740,067	89,347
Amount payable to Cathedral	(200,726)	(125,000)	(69,713)
Net movement in funds after payments to Cathedral	985,793	615,067	19,634
Balance sheet			
Tangible assets	199	-	-
Investments	5,641,417	4,420,725	655,142
Current assets	468,052	271,614	92,534
Creditors due within one year	(61,940)	(6,566)	(6,019)
	6,047,728	4,685,773	741,657

The Friends of Exeter Cathedral, Exeter Cathedral Music Foundation Trust and Exeter Cathedral Preservation Trust financial statements were audited and the audit reports were unqualified.

24. Remuneration of members of Chapter

	Remuneration £	Pension contributions £
The Very Reverend Dr JL Draper	37,781	11,539
The Reverend Canon Ian Morter	29,480	9,231
The Reverend Canon A Norman-Walker	29,009	9,231
The Reverend Canon V Thurtell	29,634	14,527
	125,904	44,528

The remuneration of and pension provision for clerical members of Chapter is determined by the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board.

Travelling and general expenses were reimbursed or paid on behalf of 5 (2015: 5) members of Chapter totalling £5,705 (2015: £11,938).

25. Pension schemes

Clergy staff

The Cathedral participates in the Church of England Funded Pensions Scheme for stipendiary clergy. The scheme is administered by the Church of England Pensions Board which holds the assets of the scheme separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the statement of financial activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation of gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- investment returns equivalent to 2.6% p.a. pm gilts and 4.6% p.a. on return-seeking assets;
- Retail Price Inflation of 3.2% per annum (and pension increases consistent with this);
- increase in pensionable stipends of 3.2% per annum; and
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

25. Pension schemes (continued)

Clergy staff (continued)

	2016 £	2015 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	(5,000)	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability * (recognised in SoFA)	28,000	-
	<hr/>	<hr/>
Balance sheet liability at 31 December	23,000	-
	<hr/>	<hr/>

* Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year ends.

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

	2016 Per annum	2015 Per annum	2014 Per annum
Discount rate	1.5%	2.5%	2.3%
Price inflation	3.1%	2.4%	2.7%
Increase to total pensionable payroll	1.6%	0.9%	1.2%

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

It is expected that the Balance Sheet liability will reduce to £Nil by 31 December 2017 because the Clergy Member funded directly is leaving the Cathedral.

Lay staff

Many employees have personal pension schemes to which Exeter Cathedral makes contributions.

The cost for the period amounted to £7,038 (2015: £5,582) and there were no outstanding or prepaid contributions at the balance sheet date.

The Cathedral introduced an auto enrolment compliant pension scheme in 2015. Total employer contributions for the year amounted to £12,491 (2015: £5,496) and there were no outstanding or prepaid contributions at the balance sheet date.

26. The Cathedral, its ancillary buildings and inventory

The Chapter are of the opinion that disclosing information about the value and scale of the Cathedral buildings and items in the inventory would prejudice the Cathedral. Non-disclosure of this information is permitted by the Accounting and Reporting Regulations for English Anglican Cathedrals on this basis.

27. Heritage Assets

The Cathedral holds a number of heritage assets with historic and artistic value and the Chapter have considered under FRS 102 accounting for heritage assets.

The Cathedral's policy for the acquisition, preservation, management and disposal of heritage assets is described in S13(1) of the Care of Cathedrals Measure 1990.

Valuation of the artefacts is not deemed necessary for the day to day operation of the Cathedral. In addition the quantity of items and the diverse nature of the collection would make valuation prohibitively expensive compared with the additional benefits derived by the Cathedral and users of the financial statements. As a result, no value is reported for these assets on the balance sheet.

28. Operating leases financial commitments – Group and Cathedral

At 31 December 2016, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 £	2015 £
<i>Other operating leases</i>		
Within one year of the balance sheet date	2,500	3,597
In the second to fifth years inclusive of the balance sheet date	701	3,201
	<hr/>	<hr/>
	3,201	6,798
	<hr/>	<hr/>

29. Other financial commitment – Group and Cathedral

	2016 £	2015 £
Expenditure contracted for but not provided in the financial statements	35,850	-
	<hr/>	<hr/>

30. Contingent asset

At the year end the charity had been notified of further legacies likely to be received, however, at the date of approval of these financial statements an estimate of the amount receivable could not be reasonably quantified.

31. Related party transactions

There were no related party transactions during the year or prior year.