

The Cathedral Church of St Peter in Exeter

Financial statements

For the year ended 31 December 2017

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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 2017 to the date of approval of the annual report and financial statements were as follows:

The Very Reverend Jonathan Greener	Dean (from November 2017)
The Very Reverend Dr Jonathan Draper	Dean (until August 2017)
The Reverend Canon Dr Mike Williams	Canon Treasurer
The Reverend Canon Becky Totterdell	Residentiary Canon (from May 2017)
The Reverend James Mustard	Canon Precentor (from 2018)
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 (until September 2017)
Mr John Endacott FCA	Chapter Canon (from April 2017)
The Venerable Dr Trevor Jones	Chapter Canon (from July 2017)
Jenny Ellis CB	Chapter Canon (from July 2017)
Dame Suzi Leather DBE, DL	Chapter Canon (until March 2017)
Mr Jonathan Harris	Chapter Canon (until February 2018)
The Venerable Clive Cohen	Chapter Canon (until June 2017)

Address

Cathedral Office
1 The Cloisters
EXETER, EX1 1HS

Staff with Management Responsibilities

Acting Administrator/Head of Visitor Services	Catherine Escott (Administrator from Sept 2017)
Clerk of Works	Mr Christopher Sampson
Director of Music	Mr Timothy Noon
Finance	Mrs Sally Dillon (until November 2017)
	Mr Michael January (from December 2017)
Library and Archive	Lay Canon Ann Barwood BEM

Exeter Cathedral Enterprises Limited

Chairman	The Reverend Canon Dr Mike Williams (from May 2017)
Director	Mr Jonathan Harris (until February 2018)
Director	Catherine Escott (from May 2017)
Director	The Very Reverend Dr Jonathan Draper (until August 2017)
Director	The Reverend Canon Ian Morter (until May 2017)
Director	The Very Reverend Jonathan Greener (from May 2018)
Director	Mr John Endacott FCA (from May 2017)

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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 LLP
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 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. One of the Residentiary Canons is 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 2017 there were four. 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.

Prebendaries and Canons

During 2017 six Canons retired, resigned or came to the end of their term of office. Four Prebendaries retired or resigned their stalls and one Prebendary forfeited her stall and was installed as a Canon:

Reverend Canon Ian Morter	(Resigned as of 31 May 2017)
The Reverend Canon Victoria Thurtell	(Resigned as of 8 June 2017)
The Very Reverend Dr Jonathan Draper	(Retired as of 31 August 2017)
Reverend Canon Anna Norman-Walker	(Resigned as of 5 September 2017)

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Chapter Canon Dame Suzi Leather	(Resigned as of 13 March 2017)
Venerable Clive Cohen	(End of term of office 19 June 2017)
Reverend Prebendary Stephen Bessent	(Retired as of 31 January 2017)
Reverend Prebendary Nick Martin	(Resigned as of 24 April 2017)
Reverend Prebendary Nick Edwards	(Retired as of 2 July 2017)
Reverend Prebendary Simon May	(Retired as of 19 July 2017)
Reverend Prebendary Becky Totterdell	(Forfeit as of 9 May 2017 – installed as Canon)

We were delighted to welcome the following into vacancies in 2017:

The Very Reverend Jonathan Greener	(Installed 26 November 2017)
Mr John Endacott (Chapter Canon)	(Installed 30 April 2017)
Reverend Canon Becky Totterdell	(Installed 9 May 2017)
Venerable Trevor Jones (Chapter Canon)	(Installed 18 July 2017)
Mrs Jenny Ellis (Chapter Canon)	(Installed 18 July 2017)
Reverend Prebendary David Gill	(Installed 18 July 2017)
Reverend Prebendary Robert Harris	(Installed 18 July 2017)
Reverend Prebendary Hilary Dawson	(Installed 14 November 2017)
Reverend Prebendary Henry Pryse	(Installed 9 May 2017)
Reverend Prebendary Will Hazlewood	(Installed 14 November 2017)

The Cathedral Council

Exeter Cathedral's Constitution and Statutes make provision for a Council of up to twenty members. The Chairman, appointed by the Bishop, is Mr Barnabas Hurst Bannister who succeeded Mr Geoffrey Bush CB DL on his retirement at the end of October 2017 after nine years in office. 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 and 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 the 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.

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

The Council continued to oversee the implementation of the *Directions* in the Bishop's Charge of September 2016 and the Chair of the Council made two progress reports to the Bishop during the 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.

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

2017 was a year of major challenge for Exeter Cathedral. The Dean and several members of the Cathedral Chapter left, which brought in its wake sadness and hurt both within the cathedral community and farther afield. So it is remarkable that by the end of the year, a lot of healing had happened, and the cathedral finances had been brought under control. This was due in no small part to those who carried the Chapter through the interregnum: Canon Mike Williams, Canon Becky Totterdell, Jenny Ellis, John Endacott, Jonathan Harris and Archdeacon Trevor Jones. They were very considerably supported by the cathedral staff and other clergy, including Bishop Martin Shaw, Professor Morwenna Ludlow, Archdeacon David Gunn-Johnson and Dr Eliza Getman. As the new Dean, arriving in late November, it was immediately apparent how much had been done to reassure and refocus the worshipping life and commercial activity of the cathedral.

The Bishop's Visitation Charge continued to dominate cathedral life, though by the end of the year, virtually all the directions had been implemented, and the Chapter was able to report to the Cathedral Council that it had returned to 'business as usual'. The outstanding items are the Worship Audit (due to commence in September 2018) and the use of the Cathedral Self-Evaluation Framework, produced by the Association of English Cathedrals, which is a tool that helps us to assess the effectiveness of our governance. We have agreed with the Bishop that we shall not implement this until the end of 2018 when the new clergy are all in post, and Chapter is beginning to function effectively. Having recognised that the Visitation Charge was a painful experience for many people, it is equally true that many of the changes it has brought about will be for the long-term benefit of the cathedral. It is important to record our gratitude to the Cathedral Council for the part they have played in holding the

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Chapter to account in making these changes, and for their partnership and advice throughout the process.

Particularly challenging were the decisions the Chapter had to make in order to turn round the operating deficit experienced in 2016, including a number of redundancies, and the decision that the cathedral team would itself organise and run the Christmas Market. These decisions bore fruit, however, and our accounts show a small operating surplus for the past year.

I am pleased to note that for the visitor, the upheaval would not be readily apparent. The daily round of worship continued as usual, and the music went from strength to strength. A full programme of events was maintained, and the Christmas Market was widely recognised as 'the best yet'. Moreover, because the market was run by the in house team, it delivered a profit of over £100,000. This was an enormous achievement, given the reduced staffing levels at the cathedral, and the other pressures we face for services and events in November and December.

Some aspects of cathedral life suffered, not least our engagement with the diocese and with those many people outside the immediate community who have supported us so generously and loyally over many years. These issues have been highlighted as priorities and will be addressed during 2018. It does, though, take time for a new team to arrive and settle in, and it is unlikely that the full Chapter will be in place until the second half of 2018.

As every year, the Cathedral remains deeply grateful to the Friends, and to the Music Foundation Trust. Thanks to their endowments, both bodies make enormously generous grants, allowing the cathedral music to flourish, and much of our building work to continue. A highlight is the work of the stonemasons, appointed under my predecessor, who have developed into a really impressive team, delivering to the highest standard, and, finances permitting, helping to ensure that the fabric of the cathedral will be preserved for the people of Devon for many centuries to come.

Alongside these grants, we have been very grateful for the support of the World War 1 Fund from the Chancellor of the Exchequer. Over the course of two rounds of funding, we have been awarded some £850,000, which has contributed towards five repair projects in separate parts of the cathedral; including re-creting some of the lead on top of the roof, conserving the magnificent East End window and removing asbestos and repairing areas where rain water had leaked in. Some of the funds contributed towards essential drain repair work outside the West Front, after a large void was discovered underneath. English cathedrals are such an important part of our national heritage, and we rejoice that the Government has recognised this through these grants, and hope that they will soon decide to repeat their financial support for cathedrals. There remain a large number of development needs here in Exeter, including renewal of the lavatories, the heating, lighting, sound system and so on. The Chapter is working up a development project which will be launched during the course of 2018.

The coming year will also deliver a final report from the national Cathedrals Working Group, which has been reviewing issues of cathedral governance and finance, prompted by the experiences of Peterborough and Exeter Cathedrals. It will certainly change some of the ways we do things, and will further embed the improvements that have been made over the past twelve months.

So 2017 was a year of two parts - with the cathedral finishing the year in better heart than in the early months. The Chapter is pleased with the financial outturn, and will work to consolidate this in future years, to underpin our mission and ministry, as we seek faithfully to worship God, and to serve his people throughout the County of Devon.

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Administrator's Report

2017 was a testing time as we put in place the difficult decisions needed to ensure the Cathedral was in a better place for the future. The fact that I was able to do this was in no small way down to the support of both the staff and volunteers.

As we welcome in excess of 100,000 people to the Cathedral every year it was important to ensure they were not aware of any of the difficulties, we therefore focused on our welcome, our presentation and communication.

The disruption caused by the fire at 18 Cathedral Yard and the Royal Clarence Hotel continued to dominate a small area of the green. As has been said before, the demolition and re-build is long and slow, and we expect to have the building compound with us until 2020. Working closely with the contractors we have been able to ensure that events held on the Cathedral Green have not been affected.

In February, our Events Manager Cressida Peers and I travelled to Winchester to discuss their Christmas Market, driving back we knew this was something we could and should be running ourselves. The results were plain for everyone to experience when the most successful Christmas Market ever opened in November. The amount of work needed to ensure this happened whilst still running a full programme of Events should not be under estimated.

Later in the year we saw the launch of our new website, a project managed by Laurence Blyth, Marketing and Vista AR Manager.

Terry Pyle, Health, Safety and Security Manager continued to work closely with NatWest Mentor who provides specialist support and policies. Staff and volunteering training continues to be a priority.

We ended 2017 knowing that our commercial activities had improved, mainly due to the Christmas Market, but that we would need to establish further opportunities to enable us to grow.

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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*

I am pleased to report that the membership of the Friends remains healthy, albeit with a slight drop of 0.5% this year. Considering that we have not had a recent membership drive the position can be described as very satisfactory. Needless to say all new members would be more than welcome, for the more we have the more we can give the cathedral.

Help for the Cathedral is an area that is starting to cause concern for our income does not cover the need for help. It is our invested capital that provides our yearly supply of monies. It has taken ninety years to reach the present position and if the capital is spent then the yearly income has gone. This would mean that the help we could give would be minimal. At the moment the current grant to the masons of £110,000 equals nearly half our income and by the time the other major grants are made there is very little left for anything else. We do therefore need to consider a major fund raising campaign. Full details will be found in the Friends accounts, which are to be published, in our annual newsletter.

On a pleasant note I am pleased to report that the AGM was a great success being well attended. Our guest speaker Michael Quicke, the Chief Executive Officer of the CCLA, which manages the majority of our funds, gave a fascinating talk on the perspectives of the cathedral under various headings such as economic, historic and social.

For some time the Friends have been considering adopting C.I.O. status but upon close examination of the advantages of incorporation it was felt that with the safeguards we have already there would be little to be gained and considerable legal costs involved. It may be at a later date that reconsideration is needed but at the present there seems to be little need.

During the year we have continued our series of talks most of which have been oversubscribed. Recently Bishop Martin Shaw, Professor Orme and the Earl of Devon have given three most enthralling talks. The Study Day last month was a great success, which I am sure has enhanced the knowledge of those attending. Still to come at the time of writing is the public launch of the Exon Domesday project on April 17th. John Allan's talk on the Great East Window on May 1st and John Foyle talking on the subject of Exeter Cathedral a Medieval Flower Garden on May 17th. Needless to say there is a whole programme in the planning stage for next year. Details will be published in the annual newsletter.

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.

The trustees are currently considering the future of the trust and whether the Friends of Exeter Cathedral is better placed to undertake the function of the Trust in future. This is with a view to ensuring a consistent fundraising message and minimising fundraising costs. Discussions on this are ongoing and no grants have been awarded in the interim.

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

The Trust's 2017 accounts show the receipt of unprecedented levels of gifts, donations and investment gains enabling record grants to be made to the Cathedral. In summary, total income of £400,000 and investment gains of £473,000, met costs of £25,000 and grants of £145,000. Invested funds increased from £4,686,000 to £5,389,000.

In their report on the 2016 accounts the trustees announced their intention to double the funds under management to enable the Trust to meet substantially the whole of the cost of music in perpetuity. This was to be a radical departure from the Trust's policy over the last 25 years or so which welcomed, but did not seek, new legacies and gifts, relying simply on the performance of its investments to fund grants to the Cathedral. The principal role of trustees had been to exercise a high level of governance and compliance in line with ever more demanding Charity Commission requirements and public expectations. As foreseen last year the return to fund-raising requires skills not adequately in evidence on the board and so the Trust has been seeking appropriately qualified trustees. Last year we welcomed four new trustees and since the year end two further trustees, Mrs Kate Baylis QC and Mr Robert Horsey, a solicitor, have joined the board. Our recruitment programme is almost complete and will release very long serving members in accordance with the Trust's adoption of fixed term appointments for all board members.

After such a good year for income and capital growth it is tempting for the Trust to make exceptionally large grants particularly when the Cathedral is experiencing some considerable financial hardship. The Trustees noted in their report on the 2016 results that they must pay as much attention to the immediate and short-term funding of Cathedral music as to building an adequate fund to meet their long-term ambitions; neither should benefit at the expense of the other. Furthermore, the Cathedral welcomes assurance and sustainability in the level of grants it can expect; volatility is not helpful to the drawing up or achievement of business plans. The Trust needs to weigh those considerations against the guidance it receives from its financial advisers about likely movements in dividends and the capital value of its invested funds. It is salutary to learn that at the date of this report, the Trust's funds are some £287,000 less than at the end of 2017. Taking all those matters into account, the Trust has undertaken to make grants to the Cathedral of not less than £150,000 in each of 2018 and 2019.

Because of the Trust's success in recruiting new trustees, Dr Christopher Maycock felt able to retire from the board on 31 December last. His former colleagues wish to thank him for his invaluable counsel over almost 20 years and wish him the best of health and happiness.

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 new Cathedral Community Committee (CCC) met for the first time in June 2017. The elections produced a good mix of fresh blood and experience, and a good balance from the many groups and congregations within the Cathedral. Two notable gaps - Cloister Club and the Sunday 8am congregation - were filled by co-options.

The elected officers are Heather Morgan (Chair), Anne Foreman (Vice-Chair), and Yve Taylor (Secretary). Julie Glover agreed to chair the Outward Giving Committee, which makes recommendations for donations from 10% of Planned Giving to good causes. Rosemary Bethell is the Cathedral representative on CTaX (Churches Together across Exeter). Nicola Cowling will lead for the CCC on work within the Cathedral Community on welcoming. The Cathedral Community has strong representation on Deanery, Diocesan and General Synod.

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At our first meeting, the Committee shared hopes and aspirations for our three-year term. These were many and varied, but common themes were the desire to work with Chapter, to improve communication between congregation, volunteers and staff, to “do” as well as to “be”, and for all this to be rooted in regular prayer and worship.

There has been an interesting balance of “being” and “doing” this year. A day of prayer in July 2017, the Day of Prayer on the Feast of Edward the Confessor (13th October) and the reflections on Love, Hope and Compassion led by Canon Mike Williams and the Revd Professor Morwenna Ludlow, were well supported. The last of these led to four book groups meeting in the autumn. Over 30 people took part in the week of guided prayer in November 2017, and a similar number were at Sheldon in April 2018 for an Away Day; these were memorable and transformative experiences.

The CCC organised an open meeting to discuss the person specification for the new Dean and made a written submission thereafter. Members took part in *Thy Kingdom Come* at Pentecost 2017, and hope to do so again this year. We had a presentation concerning the Christmas Market, to which the Committee gave strong support. Recommendations (fully funded) have been made for a new Cathedral Community noticeboard, and a photographic display of Cathedral people and activities.

We welcomed the opportunity to comment on the new seating layout in the Lady Chapel. The CCC offered strong support and encouragement to the new leadership team of the Cloister Club, and their plans for new resources and equipment. The Pastoral Care Team had an excellent training day led by Brigid Pailthorpe, and has continued the work of preparation and discernment in readiness for the leadership of the new Canon Chancellor. The first fruits of the team have been seen already in the appointment of six of our number as Duty Chaplains.

Meanwhile, the regular round of activities has continued; Cloister Club, the Prison Prayer and Support Group, the Julian Prayer Group, Prayers for Healing, the Wednesday Night Café, the Cathedral Mothers’ Union, and the Foodbank collections-to name but a few. There has also been time for social events, including a party in the autumn and an outing to Powderham Castle, organised by the Fellowship Committee.

All of this has been against a backdrop of change, with many occasions of farewell and thank you. It was very good to offer the warmest of welcomes, both formal and informal, to Jonathan and Pamela Greener, and to Canon James Mustard. We look forward to the completion of the new clergy team, and to supporting and working with them in exciting times ahead.

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 constituted to examine and approve or reject proposals for conservation and repair works to the Cathedral fabric, and to give advice on matters of art, architecture and archaeology to the Chapter, while permanent changes and additions are approved by the CFCE at national level. The committee has expertise in art, archaeology, architecture, architectural history, cathedral buildings, local history, masonry, medieval history, timber and building conservation, and meets at the cathedral at least quarterly.

During 2017 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.

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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 (The Victorian Society and the Twentieth Century Society) and has been pleased to approve the following projects at the Cathedral:

- To loan 5 quires of the Exon Domesday Book to Somerset Museum
- To install a plaque on the organ case
- To install a plaque to the Polish 307 Squadron
- To re-treat polychrome to plaque to Monument 119a, the 3rd Battalion Coldstream Guards
- To repair and re-treat the plaque to Monument 99, Dr Peter Hennis
- To make improvements to the north doors to the Pearson Cloister (café doors)
- To make additional repairs to the windows and stonework of South Quire Clerestory, Bays 11-9
- To make additional repairs to the South Quire Clerestory, Bays 8-5
- To make repairs and improvements to below ground drainage

The FAC were pleased that many of the projects that came forward in 2017 received grants from the First World War Centenary Cathedral Repairs Fund, the England Fund, the Friends of Exeter Cathedral, the Bell Ringers and the 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 Cathedral Inventory Working Party also reported to each meeting. The Committee would like to express thanks for their valuable contributions, in particular Hugh Harrison.

Committee members provided valuable comment and advice on ongoing projects including the conservation and repair of misericords, conservation and repair of the east gable, improvements to bells and bell frame in the south tower, the investigation of a void below the West Apron, investigation and assessment of the sedilia, lime mortar and proposed mortar trials, a plaque to St Wilfrid, environmental monitoring, temporary works to the Chapel of St Andrew and St Catherine (in the context of ground water monitoring), investigation of the void behind the West Front and a number of requests for guidance from Library & Archives such as the loan of votive figures and digitisation of the Exeter Book.

There were no changes to the membership of the Committee during 2017.

On 1 February 2017 a CFCE delegation visited Exeter Cathedral and attended a meeting of FAC to discuss the misericords, which are critically important to the Cathedral. CFCE delegation: Janet Berry, Prof. Joyce Hill, Jurgen Huber, Dr Nicola Coldstream, David Baker and Robert Bowles.

On 5 May 2017, Thomas Ashley of CFCE attended a meeting of FAC and provided advice on the Cathedral Inventory.

In July 2017 the Chair (Mr Geoff Rich) and Secretary attended a CFCE conference at Ely Cathedral and Bury St Edmunds Cathedral.

In September 2017 FAC assisted the Cathedral Chapter in formulating its response to the Planning and Listed Building applications submitted in respect of the repair and redevelopment of the Royal Clarence Hotel site.

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In September 2017, following the carving of four new corbel stones for the east gable of the Choir, FAC visited the stonemasons' yard to meet with the stonemasons and cathedral maintenance team.

A retirement dinner for Mr Laurence Keen OBE, former Chairman of FAC, was held in December 2017 when he was thanked for his valuable service.

The new Dean, the Very Reverend Jonathan Greener, was welcomed to the December 2017 meeting.

Finance Committee *from John Endacott, 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 John Endacott as Chair together with appropriately qualified individuals.

Over the last 18 months, the Finance Committee under the chairmanship of Jonathan Harris has been instrumental in helping to improve the operating surplus of the Cathedral and the committee is now re-focusing on the new financial challenges that face us. These include achieving a sustainable funding level for the day to day activities of the Cathedral and raising funds for essential property repairs.

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 regularly 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 Limited is made up of four separate elements; the Cathedral Café, Shop, and Public Car Parking, and from 2017, it operated the Christmas Market on the Green. The company 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.

Annual Report

For the year ended 31 December 2017

The Café and the shop have had a reasonably good year and their financial performance has been healthy. We are grateful to all concerned for their contribution in running the shop and café which are greatly appreciated by many visitors.

During November and December 2017, the Cathedral ran 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 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 2017 was £93,310.

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 £3m 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 £9,817,895 (2016: £9,385,434) comprising £7,308,390 (2016: £7,166,728) of endowment funds, £869,138 (2016: £836,312) of restricted funds, £550,679 (2016: £345,088) of designated funds and £1,089,688 (2016: £1,037,306) of general funds to be satisfactory. At the period end the Group had general reserves equal to 4 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 £2.6m 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 2017 totalled £549,672.

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 2017, the Cathedral held investments of £2,616,111 of which £1,463,763 was held in an investment portfolio managed by Quilter Cheviot and £827,389 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 £2,066,439.

Annual Report

For the year ended 31 December 2017

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, CCLA 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 Administrator and the 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.

Annual Report

For the year ended 31 December 2017

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 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 31 July 2018
and signed on its behalf by

The Very Reverend Jonathan Greener
Dean

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 Chapter

Opinion

We have audited the financial statements of Exeter Cathedral for the year ended 31 December 2017 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 and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standards applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Independent auditors' report to the Chapter

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Cathedrals 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.

Responsibilities of Chapter members

As explained more fully in the Statement of the Responsibilities of Chapter on page 16, the Chapter members are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Chapter members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the Chapter

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 27 of the Cathedrals Measure 1999 and report in accordance with regulations made under that Act.

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

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

Use of our audit report

This report is made solely to the Cathedral Chapter, 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 Cathedral Chapter those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cathedral Chapter, as a body, for our audit work, for this report, or for the opinions we have formed.

Robinson Reed Layton LLP

Statutory Auditor

Peat House
Newham Road
TRURO
TR1 2DP

31 July 2018

Consolidated statement of financial activities

For the year ended 31 December 2017

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
Income and endowments from:							
Donations and legacies		279,157	216,311	534,017	-	1,029,485	1,085,522
Grants in support of mission		22,064	9,500	420,417	-	451,981	477,269
Charges and fees arising in the course of Mission		34,628	-	-	-	34,628	43,295
Trading and fundraising		1,378,775	-	-	-	1,378,775	1,141,016
Investments		147,442	-	25,448	-	172,890	174,743
Other income		6,060	-	1,343	-	7,403	5,672
Total income	4	1,868,126	225,811	981,225	-	3,075,162	2,927,517
Expenditure on:							
Raising funds		1,037,729	-	95,123	-	1,132,852	1,114,759
Ministry		448,185	9,500	391,587	-	849,272	901,198
Cathedral and precincts upkeep		337,227	8,555	421,224	-	767,006	927,360
Education and outreach		37,442	2,165	50,473	-	90,080	121,125
Community and congregation		11,957	-	3,734	-	15,691	18,085
Total expenditure	5	1,872,540	20,220	962,141	-	2,854,901	3,082,527
Net (outgoing)/incoming resources before investment gains		(4,414)	205,591	19,084	-	220,261	(155,010)
Unrealised gains on investments		58,379	-	13,742	144,295	216,416	290,618
Realised losses on investments		(1,583)	-	-	(2,633)	(4,216)	(47,211)
Net income		52,382	205,591	32,826	141,662	432,461	88,397
Other recognised gains							
Gains on revaluation of fixed assets		-	-	-	-	-	25,000
Net movement in funds		52,382	205,591	32,826	141,662	432,461	113,397
Reconciliation of funds:							
Funds brought forward		1,037,306	345,088	836,312	7,166,728	9,385,434	9,272,037
Funds carried forward		1,089,688	550,679	869,138	7,308,390	9,817,895	9,385,434

All operations are continuing.

There are no recognised gains and losses for the year other than those detailed above.

The accompanying notes form an integral part of these financial statements.

Consolidated balance sheet As at 31 December 2017

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
Fixed assets							
Investment assets							
Property	7	-	-	-	1,405,000	1,405,000	1,405,000
Investments	8	549,672	-	165,977	1,900,462	2,616,111	2,405,392
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		549,672	-	165,977	3,305,462	4,021,111	3,810,392
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Non-investment assets							
Property for clergy, virgers & director of music	10	-	-	-	3,205,000	3,205,000	3,205,000
Property for Cathedral use (including library and archives)	11	-	-	-	726,000	726,000	726,000
Equipment and plant	12	120,630	-	476,079	-	596,709	514,848
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		120,630	-	476,079	3,931,000	4,527,709	4,445,848
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fixed assets		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		670,302	-	642,056	7,236,462	8,548,820	8,256,240
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Current assets							
Stocks	13	72,662	-	-	-	72,662	70,802
Debtors	14	138,065	215,373	110,011	-	463,449	226,256
Cash at bank and in hand		525,568	335,306	185,911	71,928	1,118,713	1,088,945
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		736,295	550,679	295,922	71,928	1,654,824	1,386,003
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities due within one year	15	(316,909)	-	(68,840)	-	(385,749)	(256,809)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		419,386	550,679	227,082	71,928	1,269,075	1,129,194
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net assets		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,089,688	550,679	869,138	7,308,390	9,817,895	9,385,434
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds							
General fund	16	1,089,688	-	-	-	1,089,688	1,037,306
Designated funds	16	-	550,679	-	-	550,679	345,088
Restricted funds	17	-	-	869,138	-	869,138	836,312
Endowment funds	18	-	-	-	7,308,390	7,308,390	7,166,728
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,089,688	550,679	869,138	7,308,390	9,817,895	9,385,434
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Approved by the Chapter and authorised for issue on 31 July 2018

The Very Reverend Jonathan Greener
Dean

Cathedral balance sheet (Exeter Cathedral only)

As at 31 December 2017

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
Fixed assets							
Investment assets							
Property	7	-	-	-	1,405,000	1,405,000	1,405,000
Investments	8	625,393	-	165,977	1,900,462	2,691,832	2,481,113
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		625,393	-	165,977	3,305,462	4,096,832	3,886,113
Non-investment assets							
Property for clergy, virgers & director of music	10	-	-	-	3,205,000	3,205,000	3,205,000
Property for Cathedral use (including library and archives)	11	-	-	-	726,000	726,000	726,000
Equipment and plant	12	1,150	-	476,079	-	477,229	508,420
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1,150	-	476,079	3,931,000	4,408,229	4,439,420
Total fixed assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		626,543	-	642,056	7,236,462	8,505,061	8,325,533
Current assets							
Stocks	13	2,375	-	-	-	2,375	2,375
Debtors	14	178,963	215,373	110,011	-	504,347	252,309
Cash at bank and in hand		379,678	335,306	185,911	71,928	972,823	1,005,350
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		561,016	550,679	295,922	71,928	1,479,545	1,260,034
Liabilities due within one year							
	15	(213,337)	-	(68,840)	-	(282,177)	(202,547)
Net current assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		347,679	550,679	227,082	71,928	1,197,368	1,057,487
Net assets							
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		974,222	550,679	869,138	7,308,390	9,702,429	9,383,020
Funds							
General fund	16	974,222	-	-	-	974,222	1,034,892
Designated funds	16	-	550,679	-	-	550,679	345,088
Restricted funds	17	-	-	869,138	-	869,138	836,312
Endowment funds	18	-	-	-	7,308,390	7,308,390	7,166,728
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		974,222	550,679	869,138	7,308,390	9,702,429	9,383,020

Approved by the Chapter and authorised for issue on 31 July 2018

The Very Reverend Jonathan Greener
Dean

Consolidated cash flow statement

For the year ended 31 December 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Net cash inflow/(outflow) from operating activities	19		17,147		(12,212)
Cash flows from investing activities					
Rents received net of costs		74,689		80,331	
Investment income received net of costs		93,591		83,829	
Purchase of property, plant and equipment		(152,339)		-	
Proceeds from sale of investments		127,675		255,012	
Purchase of investments		(130,995)		(151,680)	
Net cash provided by investing activities			12,621		267,492
Change in cash and cash equivalents in the reporting period			29,768		255,280
Cash and cash equivalents at the beginning of the reporting period	19		1,088,945		833,665
Cash and cash equivalents at the end of the reporting period	19		1,118,713		1,088,945

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.

Notes

(forming part of the financial statements)

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 and other buildings***

The cost of repairs, restoration and maintenance of the Cathedral is charged to the statement of financial activities in the year incurred. Provision for the cost of any repairs is made where there is a quantifiable legal obligation to incur the expenditure at the balance sheet date.

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%
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Non-investment property

No depreciation is provided on freehold land or buildings. 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.

Notes

(forming part of the financial statements)

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 are measured at fair value at each reporting date with changes recognised in 'net gains/(losses) on investments' in the statement of financial activities. No material change in value occurred in 2017 in the opinion of the Chapter.

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.

Notes

(forming part of the financial statements)

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.

1.19 **Judgements and key sources of estimation uncertainty**

In the application of the Cathedral's accounting policies, the Chapter Members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors as relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Exeter Cathedral

Notes

(forming part of the financial statements)



2. Prior year consolidated statement of financial activities

	Unrestricted funds £	Designated funds £	Restricted funds	Endowment funds £	Total 2016 £
Income and endowments from:					
Donations and legacies	282,457	204,205	598,860	-	1,085,522
Grants in support of mission	22,064	-	455,205	-	477,269
Charges and fees arising in the course of Mission	43,295	-	-	-	43,295
Trading and fundraising	1,141,016	-	-	-	1,141,016
Investments	152,452	-	22,291	-	174,743
Other income	5,672	-	-	-	5,672
Total income	1,646,956	204,205	1,076,356	-	2,927,517
Expenditure on:					
Raising funds	990,384	59,723	64,652	-	1,114,759
Ministry	426,440	12,100	462,658	-	901,198
Cathedral and precincts upkeep	432,494	-	494,866	-	927,360
Education and outreach	43,442	4,050	73,633	-	121,125
Community and congregation	14,077	-	4,008	-	18,085
Total expenditure	1,906,837	75,873	1,099,817	-	3,082,527
Net incoming/(outgoing) resources before investment gains	(259,881)	128,332	(23,461)	-	(155,010)
Unrealised gains on investments	78,517	-	15,210	196,891	290,618
Realised losses on investments	(17,812)	-	-	(29,399)	(47,211)
Net (expenditure)/income	(199,176)	128,332	(8,251)	167,492	88,397
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
Reconciliation of funds:					
Funds brought forward	1,381,482	71,756	844,563	6,974,236	9,272,037
Funds carried forward	1,037,306	345,088	836,312	7,166,728	9,385,434

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:

	2017 £	2016 £
Income	2,319,615	2,467,249
Deed of covenant from subsidiary	93,310	110,129
	<hr/>	<hr/>
	2,412,925	2,577,378
Expenditure	(2,305,716)	(2,730,708)
Net gains on investments	212,200	243,407
Gains on revaluation of fixed assets	-	25,000
	<hr/>	<hr/>
Net income	319,409	115,077
Total funds brought forward	9,383,020	9,267,943
	<hr/>	<hr/>
Total funds carried forward	9,702,429	9,383,020
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
General funds	974,222	1,034,892
Designated funds	550,679	345,088
Restricted funds	869,138	836,312
Endowment funds	7,308,390	7,166,728
	<hr/>	<hr/>
	9,702,429	9,383,020
	<hr/> <hr/>	<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 2017 £	Total 2016 £
Donations and legacies						
Congregational collections and giving	147,004	-	-	-	147,004	146,804
Donations	80,334	-	58,524	-	138,858	217,328
Tax recoverable under Gift Aid	51,819	-	6,986	-	58,805	49,955
Income from Friends and local trusts	-	-	412,507	-	412,507	421,330
Legacies	-	216,311	56,000	-	272,311	250,105
	279,157	216,311	534,017	-	1,029,485	1,085,522
Grants						
Church Commissioners	-	-	215,190	-	215,190	213,619
Church Care grants	-	-	136,707	-	136,707	193,024
Other revenue and capital grants	22,064	9,500	68,520	-	100,084	70,626
	22,064	9,500	420,417	-	451,981	477,269
Charges and fees arising in the course of the mission						
Facility and other fees	34,628	-	-	-	34,628	43,295
	34,628	-	-	-	34,628	43,295
Trading and fundraising						
Charges to visitors	403,650	-	-	-	403,650	411,019
Income from lettings of cathedral or other buildings	134,786	-	-	-	134,786	147,291
Other trading activities	840,339	-	-	-	840,339	582,706
	1,378,775	-	-	-	1,378,775	1,141,016
Investments						
Income from investment property	77,819	-	-	-	77,819	84,692
Income from other investments	68,324	-	24,816	-	93,140	86,993
Interest receivable on short term deposits	1,299	-	632	-	1,931	3,058
	147,442	-	25,448	-	172,890	174,743
Other incoming resources						
Other items	6,060	-	1,343	-	7,403	5,672
	6,060	-	1,343	-	7,403	5,672
Total income	1,868,126	225,811	981,225	-	3,075,162	2,927,517

Exeter Cathedral

Notes

(forming part of the financial statements)



5. Expenditure on:

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2017 £	Total 2016 £
Raising funds						
Costs of facilities for visitors	29,971	-	61,806	-	91,777	59,112
Cost of facilities for visitors (staff)	201,315	-	-	-	201,315	217,834
Costs of services directly recoverable	15,077	-	2,793	-	17,870	13,690
Other trading activities	653,704	-	8,060	-	661,764	475,612
General marketing costs	51,062	-	10,073	-	61,135	78,564
Cloisters Plus expenditure	-	-	-	-	-	59,723
Costs of fundraising	77,189	-	12,391	-	89,580	199,641
Investment property costs	3,130	-	-	-	3,130	4,361
Investment management costs	6,281	-	-	-	6,281	6,222
	1,037,729	-	95,123	-	1,132,852	1,114,759
Ministry						
Clergy stipends and working expenses	23,955	-	81,018	-	104,973	212,875
Clergy housing costs	75,254	-	-	-	75,254	29,462
Clergy support costs	33,594	-	4,388	-	37,982	15,929
Cost of services	95,059	-	52,172	-	147,231	140,222
Cost of music (i)	220,323	9,500	198,009	-	427,832	450,710
De Pass legacy paid to Trust	-	-	56,000	-	56,000	52,000
	448,185	9,500	391,587	-	849,272	901,198
Cathedral and precincts upkeep						
Works funded by trusts and others	-	-	280,222	-	280,222	395,569
Maintenance and interior upkeep	231,022	8,555	141,002	-	380,579	401,988
Cathedral insurance	66,323	-	-	-	66,323	75,155
Precincts, security & gardens upkeep	39,882	-	-	-	39,882	54,648
	337,227	8,555	421,224	-	767,006	927,360
Education and outreach						
Educational activities	-	-	4,507	-	4,507	34,168
Library & archives	37,442	-	45,966	-	83,408	82,907
Other	-	2,165	-	-	2,165	4,050
	37,442	2,165	50,473	-	90,080	121,125
Community	11,957	-	3,734	-	15,691	18,085
Total expenditure	1,872,540	20,220	962,141	-	2,854,901	3,082,527

(i) Cost of music comprises the following:

	2017 £	2016 £
Directors' pay, accommodation and expenses	76,693	96,539
Choir	53,606	61,793
Music Outreach	10,636	19,653
Chorister scholarships, bursaries, expenses	135,627	135,106
Choral scholar's grants and accommodation	22,483	15,000
Instrument and equipment costs	23,229	10,633
Liturgy and music department	25,369	22,978
Marketing costs	15,851	-
Support costs	64,338	89,008
	427,832	450,710

Included within the above expenditure of £2,854,901 are exceptional re-organisation costs of £52,383.

6. Administrative expenses included in statement of financial activities

	Raising funds £	Ministry £	Cathedral and precinct upkeep £	Education and outreach £	Community and congregation £	Total 2017 £
<i>Unrestricted funds:</i>						
The Cloisters premises costs	9,613	18,127	13,182	1,464	467	42,853
Staff costs	7,329	13,821	10,050	1,116	357	32,673
Printing, postage and stationery costs	3,118	5,880	4,276	475	152	13,901
Conference, subscriptions, travel and subsistence	1,782	3,360	2,443	271	87	7,943
Information technology costs	6,327	11,930	8,675	963	308	28,203
Cleaning costs	613	1,157	841	93	30	2,734
Operational and sundry costs	584	1,101	800	89	28	2,602
Bank charges	618	1,166	848	94	30	2,756
Compliance costs	20,233	38,151	27,743	3,080	984	90,191
Professional and consulting costs	8,589	16,196	11,777	1,308	418	38,288
Audit and accountancy fees	2,409	4,542	3,303	367	117	10,738
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	61,215	115,431	83,938	9,320	2,978	272,882
<i>Restricted funds:</i>						
Staff costs	78,824	28,870	20,477	7,764	-	135,935
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	140,039	144,301	104,415	17,084	2,978	408,817
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Administration expenses of £408,817 (2016: £511,198) 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 and 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 or by Drew Pearce, Chartered Surveyors at open market value for existing use at 31 March 2014.

The Chapter has commissioned an updated valuation of the investment properties, which will be reflected in the 31 December 2018 financial statements. The Chapter is of the opinion that the above valuation remains a reasonable estimate of the fair value of the investment properties at 31 December 2017.

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	498,773	-	152,235	1,754,384	2,405,392
Additions	47,389	-	-	83,606	130,995
Disposals	(54,869)	-	-	(81,823)	(136,692)
Revaluation	58,379	-	13,742	144,295	216,416
At end of year	549,672	-	165,977	1,900,462	2,616,111
Cathedral					
<i>Market value</i>					
At beginning of year	574,494	-	152,235	1,754,384	2,481,113
Additions	47,389	-	-	83,606	130,995
Disposals	(54,869)	-	-	(81,823)	(136,692)
Revaluation	58,379	-	13,742	144,295	216,416
At end of year	625,393	-	165,977	1,900,462	2,691,832
			Listed investments £	Unlisted Investments £	Total £
Group					
<i>Market value</i>					
At beginning of year			1,321,983	1,083,409	2,405,392
Additions			126,194	4,801	130,995
Disposals			(131,891)	(4,801)	(136,692)
Revaluation			147,477	113,939	261,416
At end of year			1,463,763	1,197,348	2,661,111
		Shares in subsidiary undertaking £	Listed investments £	Unlisted investment £	Total £
Cathedral					
<i>Market value</i>					
At beginning of year		75,721	1,321,983	1,083,409	2,481,113
Additions		-	126,194	4,801	130,995
Disposals		-	(131,891)	(4,801)	(136,692)
Revaluation		-	147,477	113,939	261,416
At end of year		75,721	1,463,763	1,197,348	2,736,832

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 2017 were audited and the audit report was unqualified.

A summary of the trading results are shown below:

	2017 £	2016 £
Turnover	797,975	498,934
Cost of sales and administrative expenses	(591,641)	(390,511)
Interest receivable	28	26
Net profit	206,362	108,449
Covenant payable to Cathedral	(93,310)	(110,129)
Retained in subsidiary	113,052	(1,680)
The assets and liabilities of the subsidiary were:	2017 £	2016 £
Fixed assets	119,480	6,428
Current assets	228,181	163,940
Current liabilities	(156,474)	(92,233)
Total net assets	191,187	78,135
Aggregate share capital and reserves	191,187	78,135

Advantage is taken of the exemption under FRS102 from disclosure of intra-group transactions with the wholly owned trading subsidiary.

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 and 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 2017.

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

11. Property for Cathedral use (including library and archives) – 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 2017.

12. Equipment and plant

	£
Group	
Cost	
At beginning of year	729,408
Additions	152,339
	<hr/>
At end of year	881,747
	<hr/>
Depreciation	
At beginning of year	214,560
Charge for year	70,478
	<hr/>
At end of year	285,038
	<hr/>
Net book value	
At end of year	596,709
	<hr/>
At beginning of year	514,848
	<hr/>
Cathedral	
Cost	
At beginning and end of year	696,053
	<hr/>
Depreciation	
At beginning of year	187,633
Charge for year	31,191
	<hr/>
At end of year	218,824
	<hr/>
Net book value	
At end of year	477,229
	<hr/>
At beginning of year	508,420
	<hr/>

13. Stocks

	Group 2017 £	2016 £	Cathedral 2017 £	2016 £
Building materials	2,375	2,375	2,375	2,375
Goods for resale	70,287	68,427	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	72,662	70,802	2,375	2,375
	<hr/>	<hr/>	<hr/>	<hr/>

Exeter Cathedral

Notes

(forming part of the financial statements)

14. Debtors

	Group 2017 £	2016 £	Cathedral 2017 £	2016 £
Exeter Cathedral Enterprises Limited	-	-	52,902	37,971
Recoverable taxation	33,869	28,532	33,869	28,532
Other debtors	277,646	68,263	275,812	63,674
Prepayments and accrued income	87,666	97,294	77,496	89,965
Exeter Cathedral Preservation Trust	-	6,019	-	6,019
Friends of Exeter Cathedral	64,268	26,148	64,268	26,148
	463,449	226,256	504,347	252,309

15. Liabilities due within one year

	Group 2017 £	2016 £	Cathedral 2017 £	2016 £
Trade creditors	143,221	125,643	93,567	99,097
Planned giving	15,491	9,726	15,491	9,726
Taxation and social security	18,548	25,752	16,121	24,570
Other creditors	15,942	21,495	13,658	2,014
Accruals and deferred income	136,547	51,193	87,340	44,140
Pension Scheme liability (note 25)	-	23,000	-	23,000
Exeter Cathedral Music Foundation Trust	56,000	-	56,000	-
	385,749	256,809	282,177	202,547

16. Unrestricted and designated funds

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains and losses £	At end of year £
Group						
Designated funds:						
Development Fund	148,763	216,311	(8,555)	192,105	-	548,624
Fine art	4,220	-	(2,165)	-	-	2,055
Legacies	192,105	-	-	(192,105)	-	-
Harrington Choristers						
Bursaries	-	9,500	(9,500)	-	-	-
	345,088	225,811	(20,220)	-	-	550,679
General fund	1,037,306	1,868,126	(1,872,540)	-	56,796	1,089,688
	1,382,394	2,093,937	(1,892,760)	-	56,796	1,640,367
Cathedral						
Designated Funds						550,679
General Fund						974,222

Details of designated funds:

Development Fund – 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.

During the year the Cloisters Plus fund and Legacies fund were merged and renamed the Development Fund.

Exeter Cathedral

Notes

(forming part of the financial statements)

17. Restricted funds – Group and Cathedral

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains £	At end of year £
Exeter Cathedral Music Foundation Trust	-	145,000	(145,000)	-	-	-
Exeter Cathedral Preservation Trust	-	-	-	-	-	-
Friends of Exeter Cathedral	-	267,507	(267,507)	-	-	-
Church Care and LPWS	-	178,219	(163,299)	-	-	14,920
Church Commissioners	-	215,190	(215,190)	-	-	-
Headley Trust	5,598	-	(871)	-	-	4,727
European Funding – VISTA AR Project	-	15,008	(15,008)	-	-	-
Organ Fund	6,583	21	-	-	-	6,604
Library Fund	34,210	20,822	(23,749)	-	-	31,283
Fabric funds	38,191	5,212	-	-	12,586	55,989
Chorister Outreach Programme	41,922	9,891	(10,636)	-	-	41,177
Music funds	55,110	6,512	-	-	-	61,622
Walker Memorial	1,110	5,250	(2,599)	-	-	3,761
Liturgy/mission funds	31,766	1,722	-	-	1,156	34,644
Stubbs legacy	5,101	-	-	-	-	5,101
Audio Tour	4,618	-	-	-	-	4,618
Cloister Club	1	-	(1)	-	-	-
Image Screen	2,973	-	-	-	-	2,973
Education donation	5,490	5,060	(1,864)	-	-	8,686
Chapter Discretionary Fund	8,316	650	(1,000)	-	-	7,966
Holy Ground	2,196	4,036	(4,527)	-	-	1,705
SOAR & Wednesday Café	9,690	728	(2,733)	-	-	7,685
Sundays @7	473	411	(139)	-	-	745
Visitor leaflets	976	2,324	(1,859)	-	-	1,441
Education Project	1,265	-	(1,265)	-	-	-
Choir Tour Funds	3,782	6,747	(2,230)	-	-	8,299
Harrington Books/Cases	287	-	(56)	-	-	231
Nativity	1,668	-	(5)	-	-	1,663
Music legacy	42,623	-	-	-	-	42,623
Bell project	17,391	13,233	-	-	-	30,624
Stonemasons Education Fund	3,851	-	(1,893)	-	-	1,958
Clinton Cross restoration	3,000	-	(3,000)	-	-	-
St Peters singers	2,000	-	(2,000)	-	-	-
De Pass Legacy - Music	-	56,000	(56,000)	-	-	-
Matthew Locke Society	-	11,689	(1,457)	-	-	10,232
On Common Ground	-	8,650	(8,211)	-	-	439
Other funds	-	1,343	-	-	-	1,343
Capital funds						
Library Capital Fund	502,693	-	(27,596)	-	-	475,097
Nave Sanctuary Furniture Capital Fund	2,051	-	(1,069)	-	-	982
Education Project Capital Fund	1,377	-	(1,377)	-	-	-
	836,312	981,225	(962,141)	-	13,742	869,138

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.

European Funding – VISTA AR Project

Led by the University of Exeter, and working with partners in the UK and France, the Interreg France (Channel) England project Vista AR will develop an understanding of visitor experiences, create new VR and AR digital tools, and explore new business models and opportunities presented by digital technology.

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.

Liturgy/Mission funds

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

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.

Notes

(forming part of the financial statements)

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.

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 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.

Stonemasons Education Fund

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

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.

De Pass legacy – Music

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

Matthew Locke Society

This is a fund arising from school parents raising funds to allow their children to go on choir tours.

On Common Ground

This relates to funds granted to hold a series of lectures in Exeter Cathedral for the benefit of scientists within the congregation.

Nave Sanctuary Furniture

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

18. Endowment fund – Group and Cathedral

	£
At beginning of year	7,166,728
Realised losses on disposal of investments	(2,633)
Unrealised gains on investments	144,295
	<hr/>
At end of year	7,308,390
	<hr/>

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

	2017 £	2016 £
Net incoming/(outgoing) resources before investment gains	220,261	(155,010)
<i>Adjustments for:</i>		
Depreciation charges	70,478	36,866
Income from property and investments	(172,890)	(174,743)
Property management costs, rental collection fees and investment management costs	9,411	10,583
Increase in stocks	(1,860)	(11,132)
(Increase)/decrease in debtors	(239,948)	287,084
Increase/(decrease) in creditors	131,695	(5,860)
	<hr/>	<hr/>
Net cash generated by/(used) in operating activities	17,147	(12,212)
	<hr/>	<hr/>

Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	3,489	3,523
Cash at bank	1,115,224	1,085,422
	<hr/>	<hr/>
Total cash and cash equivalents	1,118,713	1,088,945
	<hr/>	<hr/>

20. Staff and Clergy numbers and costs

The average number (full time equivalents) of employees and clergy during the year was 48 (2016: 56). Part time staff are included on the basis of full time equivalents. This number is divided as follows: clergy 1 (2016: 4), music and ministry 11 (2016: 10), upkeep 11 (2016: 11), administration 7 (2016: 9), fundraising 0 (2016: 3), visitors 11 (2016: 12), education 0 (2016: 1), Exeter Cathedral Enterprises Limited 7 (2016: 6). The total average number of employees during the year was 70 (2016: 84).

The cost of these staff was as follows:

	2017 £	2016 £
Salaries and stipends	1,001,671	1,123,625
Termination Payments	44,753	26,582
Employer's national insurance	72,351	82,532
Employer's pension costs	6,703	64,057
	1,125,478	1,296,796

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

	2017 No.	2016 No.
£70,001 - £80,000	-	1

During the year ended 31 December 2017 pension contributions on behalf of the above employee totalled £Nil (2016: £3,000).

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 £197,885 (2016: £293,081).

22. Auditors remuneration

	Group 2017 £	2016 £	Cathedral 2017 £	2016 £
Audit services	12,450	12,250	8,650	8,700
Other services	650	2,350	400	2,100
	13,100	14,600	9,050	10,800

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 2017 £	Exeter Cathedral Music Foundation Trust 31 December 2017 £	Exeter Cathedral Preservation Trust 31 December 2017 £
Income and expenditure			
Gross income	344,406	400,250	23,483
Net movement in funds before payments to Cathedral	745,196	848,648	81,781
Amount payable to Cathedral	(294,897)	(145,415)	-
Net movement in funds after payments to Cathedral	450,299	703,233	81,781
Balance sheet			
Tangible assets	145	-	-
Investments	6,353,081	5,018,438	714,282
Current assets	262,557	389,733	109,156
Creditors due within one year	(117,756)	(19,165)	-
	6,498,027	5,389,006	823,438

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.

Since the year end the Trustees of Exeter Cathedral Preservation Trust have agreed to wind up the Trust. On winding up, some of these funds will be transferred to Exeter Cathedral or connected organisations.

24. Remuneration of members of Chapter

	Remuneration £	Pension contributions £
The Very Reverend Dr JL Draper	25,588	7,792
The Very Reverend JFD Greener	3,835	1,144
The Reverend Canon Ian Morter	12,410	3,887
The Reverend Canon A Norman-Walker	20,027	6,335
The Reverend Canon V Thurtell	12,458	4,707
	74,318	23,865

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 8 (2016: 5) members of Chapter totalling £6,294 (2016: £5,705).

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 responsible bodies.

Each participating responsible body 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 responsible bodies 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)

	2017 £	2016 £
Balance sheet liability at 1 January	23,000	-
Deficit contribution paid	(1,000)	(5,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability * (recognised in SoFA)	(22,000)	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.

	2017 Per annum	2016 Per annum	2015 Per annum
Discount rate	1.4%	1.5%	2.5%
Price inflation	3.0%	3.1%	2.4%
Increase to total pensionable payroll	1.5%	1.6%	0.9%

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.

The Balance Sheet liability had reduced to £Nil by 31 December 2017 because the Clergy Member funded directly had left the Cathedral.

Lay staff

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

The cost for the period amounted to £3,421 (2016: £7,038) 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 £10,202 (2016: £12,491) 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 2017, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 £	2016 £
<i>Other operating leases</i>		
Within one year of the balance sheet date	9,114	2,500
In the second to fifth years inclusive of the balance sheet date	16,825	701
	<hr/>	<hr/>
	25,939	3,201
	<hr/>	<hr/>

29. Other financial commitments – Group and Cathedral

	2017 £	2016 £
Expenditure contracted for but not provided in the financial statements	23,900	35,850
	<hr/>	<hr/>

30. Contingent asset

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