

# **The Cathedral Church of St Peter in Exeter**

## **Financial statements**

**For the year ended 31 December 2018**

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# Exeter Cathedral

## Annual Report

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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 2018 to the date of approval of the annual report and financial statements were as follows:

The Very Reverend Jonathan Greener  
The Reverend Canon Dr Mike Williams  
The Reverend Canon Becky Totterdell  
The Reverend Canon James Mustard  
The Reverend Canon Dr Chris Palmer  
John Endacott FCA  
The Venerable Dr Trevor Jones  
Jenny Ellis CB  
Jonathan Harris

Dean  
Canon Treasurer  
Residentiary Canon  
Canon Precentor (from March 2018)  
Canon Chancellor (from August 2018)  
Chapter Canon  
Chapter Canon  
Chapter Canon  
Chapter Canon (until February 2018)

#### Address

Cathedral Office  
1 The Cloisters  
EXETER, EX1 1HS

#### Staff with Management Responsibilities

Administrator  
Clerk of Works  
Director of Music  
Finance  
  
Library and Archive

Catherine Escott  
Christopher Sampson  
Timothy Noon  
Katie Blooman (from September 2018)  
Michael January (until August 2018)  
Lay Canon Ann Barwood BEM

#### Exeter Cathedral Enterprises Limited

Chairman  
Director  
Director  
Director  
  
Director

The Reverend Canon Dr Mike Williams  
Jonathan Harris (until February 2018)  
Catherine Escott  
The Very Reverend Jonathan Greener (from May 2018)  
John Endacott FCA

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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  
Camilla Finlay RIBA AABC

Consultant Archaeologist  
John Allan

### **Auditors**

RRL 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 or on our website.

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 four Residentiary Canons and three Chapter Canons. Of the four Residentiary Canons, two, plus the Dean are *Commissioners' Canons* working full-time in the Cathedral with stipends paid by the Church Commissioners.

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 2018 there were three. The Cathedral does not remunerate the Chapter Canons but they are entitled to claim expenses incurred in the discharge of their duties. Chapter held eleven business meetings within the past year.

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### Prebendaries and Canons

#### *Resignations/retirements*

Jonathan Harris' term of office as a Chapter Canon ended in February 2018.

Bishop Sarah Mullally left as Bishop of Crediton in March 2018.

Tim Deacon died in July 2018.

Graham Cotter resigned his stall in November 2018.

#### *Installations*

James Mustard installed as Precentor	Sunday 25 March 2018 (Palm Sunday)
Mike Williams installed as Treasurer	Sunday 25 March 2018 (Palm Sunday)
Ian Morter licensed as Priest Vicar	Tuesday 26 June 2018
David Gunn-Johnson licensed as Priest Vicar	Tuesday 26 June 2018
Chris Palmer installed as Canon Chancellor	Sunday 5 August 2018
Conrad Donaldson installed as a Lay Canon	Sunday 5 August 2018
Jackie Searle installed as Bishop of Crediton	Sunday 14 October 2018
Morwenna Ludlow installed as Canon Theologian	Wednesday 26 November 2018
Sue Gillingham installed as Canon Theologian	Wednesday 26 November 2018

Ann Barwood's term of office as Canon Librarian was extended for another 2 years from October 2018.

### The Cathedral Council

The Cathedral Council, chaired by Barnabas Hurst-Bannister and with members drawn from the Chapter, the College of Canons, the Cathedral Community Roll and the wider diocese, seeks to support the work of the Cathedral by receiving and considering reports from the Chapter across a whole range of financial and pastoral matters.

During 2018 the Council met four times, during which it directed its attention to the Cathedral's mission and ministry, its management and development plans (including the risks associated therewith), its past and future financial performance and oversight of the implementation of the Directions in the Bishop's Charge of September 2016.

The findings of the Cathedrals Working Group report point to the possibility of changes in the governance and management of the Cathedral and to a different future for the Cathedral Council. The Council will play its part in considering appropriate proposals in connection with any necessary amendments to the Constitution and Statutes of the Cathedral.

### HR Committee

In January 2018 Chapter established an HR committee chaired by a Chapter Canon. Other members are the Dean, the Canon Treasurer and the Administrator. The committee has access to specialist HR advice and will be joined by an HR specialist who is currently being recruited. The committee meets monthly and considers issues such as: organisational structure, pay structures, succession planning and disciplinary or grievance issues. The committee is responsible for ensuring that safer recruitment principles are followed and for recommending to Chapter the creation of any new or revised posts.

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### 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

I arrived as the new Dean of Exeter at the end of 2017, and it was immediately clear that there were three areas of work requiring the Chapter's attention in 2018: People, Governance and Finance:

#### *People*

Given that there were no stipendiary clergy in place for much of 2017, the recruitment of a new clergy team was our first priority:

- James Mustard was installed as Canon Precentor on Palm Sunday, when Dr Mike Williams was also installed as Canon Treasurer.
- Easter was our opportunity to express our thanks to Bishop Martin Shaw, who had been a hard-working and very effective acting Precentor for 12 months.
- Dr Chris Palmer was installed in August, completing our group of Residentiary Canons.
- We were also delighted to install two Priest Vicars (David Gunn-Johnson and Ian Morter) to assist in particular with conducting our worship and pastoral care.
- And at the end of the year, we installed two Canons Theologian: Professor Sue Gillingham and Professor Morwenna Ludlow. Their role is to resource both cathedral and diocese theologically.

Jonathan Harris came to the end of his term on Chapter in February, but we decided not to rush to find a replacement, awaiting first the recommendations of the Cathedrals Working Group, established by the National Church.

During 2017, the cathedral had made a number of posts redundant in order to bring expenditure under control. As 2018 progressed, it became very clear that we were very thinly resourced in order to deliver our busy programme through the year, and a number of extra staff had to be recruited. But throughout the Chapter was acutely conscious throughout of the importance of keeping staffing expenditure under firm control.

Michael January was interim Head of Finance for 6 months, until Katie Blooman was appointed Finance Manager in September 2018.



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During the year, Chapter instigated a review of the cathedral floor, to determine what new employment structure might best enable the proper resourcing of worship and events and greater synergy between the virgers and the floor supervisors. Chapter received an interim report at the end of the year, and approved the recruitment of a Custos to oversee the two departments.

As every year, we have been greatly indebted to the 550 volunteers who work so hard to support the life of the cathedral and to deliver our mission and ministry.

### *Governance*

The incoming Chapter was fortunate that almost all the requirements of the Bishop's Visitation Charge had already been fulfilled, but the Bishop agreed that we should delay

- the Worship Audit until the appointment of the new Canon Precentor, and
- the completion of the Self-Evaluation Framework from the Association of English Cathedrals until the new Chapter was in place

We initiated a worship survey at our services in the autumn, though the analysis and report will be produced in 2019. The Self-Evaluation Framework has been upgraded to a Peer Review Process, in which we shall participate in 2019. 2019 will also bring a SCIE safeguarding audit, so much of 2018 has been occupied with ensuring that we can evidence the robustness of our Governance in preparation for these inspection visits.

The work of the national Cathedrals Working Group continued during 2019. Since this was instigated by the Archbishops' Council in the light of events at Peterborough and Exeter Cathedrals, we were keen to respond with our reflections on how to make governance more robust. A final report was published in June, but its recommendations have to be worked through by the General Synod, and are unlikely to become enshrined in law until 2021 or 2022. So no changes are required immediately, although the Chapter will seek to implement the recommendations for good practice at the earliest opportunity.

The Chapter decided to recruit a Development Director to lead our fundraising, to help us address the major development needs for our buildings (heating, light, sound, CCTV, WCs, repairs to the Chapter House and Church House, etc.). A major project will be developed though this will not be launched until 2019.

Because of the considerable demands of caring for our staff, the Chapter decided to create an HR committee. They also employed a GDPR officer to ensure that our records and practices are compliant with the new regulations.

### *Finance*

We were enormously grateful to Judith Kauntze and the huge team of volunteers who staged our Grand Nave Dinner in October. This contributed over £80,000 to our income. We were also grateful to the Church Commissioners who awarded a £130,000 grant from their cathedral sustainability fund to enable us to establish the Development Department. This income will not be received until 2019. And we were as ever very reliant on grants from the Friends of the Cathedral towards the maintenance of the fabric and the Music Foundation Trust for making a major contribution to the cost of our music. The Cathedral Architect's Quinquennial Inspection has established a programme of fabric works for the next five years, but has also shown how much has been achieved by the works department and stonemasons during the past quinquennium. Both trusts have launched capital appeals to increase their endowment, which will in due course help reduce the financial burden on the Chapter.

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There were nevertheless some major financial challenges during 2018:

- The Christmas Market made less profit than we had budgeted, and then we realised in 2017, principally because of higher expenditure than predicted. This will need to be addressed and reversed in 2019.
- The hot summer exacerbated anti-social behaviour on the Cathedral Green, and required considerable unforeseen expenditure on security services overnight during the warmest months
- Legacy income, which is always unpredictable, was much lower than in the previous year.

The Chapter is very conscious of the need to raise major funds to undertake the Development work already mentioned, but has no intention of proceeding with this until the necessary funds are raised. However, preparatory work will be commissioned from the architect and design team to ensure that permissions are in place to allow work to proceed as soon as funds become available.

### **Administrator's Report**

We started 2018 on the back of a very successful Christmas Market. This wasn't the first time the market had been held on Cathedral Green, but it was the first time the Cathedral had operated it. The dedication of the staff and their positive 'we can do this' approach made this undertaking a success.

We continued to focus on our welcome, and although our visitor numbers dropped slightly as they did at other destinations in Exeter, we were reassured by the positive feedback from tourists, groups and families to our offering.

The disruption caused by the fire at 18 Cathedral Yard and the Royal Clarence Hotel continues 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.

Communication continued to improve with the Town Hall Meetings and Chapter Bulletin being very well received by all.

As we move into 2019 our focus is still very much on our commercial activities, maximising income whilst controlling expenditure, and of course our welcome.

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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 *Pete Privett, Secretary*

The last year has been another busy one for The Friends with much effort being put into deliberations over the new GDPR regulations and the possibility of converting to a Charitable Incorporated Organisation. In the case of the former we are now compliant, without having to lose touch with any of our members, and in the case of the latter it was decided that there was no significant advantage to making the change.

At our AGM in June Conrad Donaldson stepped down after 10 years as our Council Chairman, having served his maximum term of office, and Chris Stirling retired after 8 years as Honorary Secretary. Chris Paterson was elected Chairman at our Council meeting in August and I have assumed the role of Secretary. Although I am, for the time being, combining the Secretary and Office Manager positions there should be no noticeable difference to the way we work or the service our members receive.

In last year's report my predecessor alluded to the fact that we needed to consider a fund raising campaign and our Council was delighted when Conrad Donaldson, having been released from his Friends' Council commitments, indicated a willingness to lead a small working party to take this further. As 2019 marks the 90<sup>th</sup> anniversary of the founding of The Friends it seemed to be ideal timing to launch a fund raising campaign and this is now progressing with all members being contacted to raise their awareness of our aspirations to strengthen our financial position.

Our membership has remained buoyant during the year with the regular arrival of new membership applications in our office and these compensate for members who have sadly departed. The Dean will attest to the flow of new members owing to the number of times during the year that he has received another batch of certificates on his desk awaiting his signature!

Our most important area of support for the cathedral is through the grants that we are able to make during the year, in 2018 these amounted to £282,881, and it is hoped that our appeal will allow us to increase this figure in the future.

A number of events were enjoyed by our members during the year, all of which were very well attended, and plans for 2019 are at an advanced stage.

We look forward with optimism to 2019 being another year of continued progress, both in our service to our members and in our support for the cathedral. We are always happy to talk to anyone who might like more information as a result of reading this report.

#### 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 have agreed to make a final grant to the Dean and Chapter and to then transfer the remaining fund to the trustees of the Friends of Exeter Cathedral. This is in process.

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### **Exeter Cathedral Music Foundation Trust** *from John Acornley, Chairman*

In 2018 the receipt of donations, legacies and investment income totalled £341,000. Grants to the Cathedral totalled £150,000. In view of the weakness of the stock markets in the latter part of 2018, total funds decreased from £5,389,000 to £5,228,000 during the year.

During 2018 the Trustees approved a 10 year business plan to increase the investment fund to a level sufficient to meet the total cost of Cathedral music in perpetuity. This will require increased efforts to raise funds which has now begun.

Two new Trustees joined the Board during 2018, Mrs Kate Baylis QC and Mr Robert Horsey, a solicitor.

In view of the Trust's success in recruiting new Trustees, three long serving Trustees, Lady Clifford, Gerald Sturtridge OBE and Sir Eric Dancer were able to retire from the Board. The Trustees thank them for their invaluable service over many years and wish them the best of health and happiness for the future.

John Acornley was appointed as the new Chair succeeding Gerald Sturtridge OBE.

Looking to the future, the Trust has undertaken to make grants to the Cathedral of not less than £150,000 in 2019.

### **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*

This has been a significant year for the CCC. In November 2018, we held an Awayday at Sheldon for the Committee and Cathedral Clergy, the first time for many years that such an event had been held. Under the theme 'What does it mean to Mother Church?' we explored what it means to be Mother Church as a Cathedral Community, in worship and in nurture and discipleship. It was a day when the process was almost as important as the outcome, with much energy, open discussion and good humour. New ideas were explored, such as arranging a free lunch for students, and some projects that had been around for a while were revived.

The latter included the Rule of Life, which was launched in March 2019, one of several projects initiated or strongly supported by the Committee that have come to fruition this year; the Pastoral Care Team was commissioned in December 2018; the Parish Giving Scheme was introduced in the autumn; and Come and See, a day of prayer and spirituality that arose from the week of guided prayer in 2017, attracted wide interest and was very well received.

Among new work, a Cathedral Community Noticeboard and Information Table are now established in the South Nave Aisle, and we have adopted a new method of outward giving which will see four special collections (at Christmas, Lent/Easter, Pentecost and Harvest) preceded by publicity and information about the charities concerned. The CCC worked with Chapter on the Worship Survey and a group from the Cathedral Community was interviewed by the SCIE audit team. A Christian Life Group now meets weekly, where issues of discipleship are explored.

At the time of writing this report, significant changes are in hand for the way in which we organise social events, with the recruitment of a new team under the chairmanship of James Hayward. Their predecessors, the Cathedral Fellowship Committee organised welcome parties for the new residentiary canons, a picnic in July, and an outing to Buckfast Abbey and the South Devon Steam

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Railway. We are immensely grateful to the outgoing Committee for all the work done by them, and by their predecessors, over many years to build up the life of the Cathedral Community.

The importance of the pastoral ministry of the Fellowship Committee in sending cards and flowers to people who are sick, or bereaved, or in celebration of a special occasion, has been underlined again this year with some touching messages of thanks. This work will continue within the Pastoral Care team. Other important and regular activities have also continued to flourish; Cloister Club (which is growing in numbers), the Prison Prayer & Support Group, the Foodbank collections, the Wednesday Kitchen, the Contemplative Prayer Group, Prayers for Healing, and the Cathedral Mothers' Union, to name but a few.

The CCC has a busy time ahead. At the time of writing, we already have three future meetings dedicated to specific topics, namely the Chapter self-evaluation and peer review, safeguarding, and the Cathedral's provision for the work of justice, peace and the integrity of creation (JPIC). Other pieces of work in hand are revision of the CCC aims and objectives, an action plan for the Cathedral Community, engagement between the CCC and the wider Cathedral Community, and planning for a year of Welcome and Invitation. The CCC looks forward to another year of working closely with clergy and lay colleagues, as together we take forward the mission and ministry of the Cathedral, and build up the life of the Cathedral Community.

### **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 2018 the Fabric Advisory Committee met four times at the Cathedral to provide advice on all matters brought forward by the Cathedral related to the care and development of fabric and to consider formal applications made in accordance with the Care of Cathedral Measure.

The committee has gratefully received comments on formal applications to the FAC from the CFCE, SPAB, Historic England and the Twentieth Century Society. The Committee has been pleased to approve the following projects at the Cathedral:

- To improve the ringing of the bells, to carry out maintenance and local improvements to the bell frame and to introduce new safety measures to better manage access to the bells in the South Tower.
- To install a new plaque dedicated to the Community of St Wilfrid in Bay 7, north wall, North Quire aisle.
- To undertake a local programme of emergency stonework repairs to high-level masonry, to the Northwest corner of the Chapter House.
- To repair and reinstate the statue of St Vladimir into his niche in the North Porch and replace the fixing/bracket to the rear of this statue and other statues to the north wall to ensure they are all secure.
- To install a 'temporary' Wifi system within the Cathedral to provide wireless coverage for for data Access Points in the Cathedral at the West Front.

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The FAC were pleased that many of the projects that came forward in 2018 received grants from the English Heritage research fund, the England Fund, the Friends of Exeter Cathedral, the Bell Ringers, private funding (St Wilfrid's plaque), VISTA-AR project and the Cathedral. There was an insurance claim for damage to the St Vladimir statue project.

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.

Committee members provided valuable comment and advice on ongoing projects including repairs to the South Quire clerestory, Bays 11-9 and Bays 8-5, works to the doors of the Pearson cloister building (café), conservation and repair of misericords, strategic planning and development priorities for the cathedral, repairs to cathedral monuments, the storage of two 17<sup>th</sup> century panels, the loan of Library & Archive items to Plymouth Museum and Art Gallery for an exhibition in April 2020, the need for repair and maintenance to the Cathedral Close properties, a proposal for a Resurgo sculpture on Cathedral Green (permission was not granted), a new fireproof partition in No.1 The Cloisters, a revision to the Arts Policy, the five yearly inspection of the Image Screen (due in 2019), the VISTA-AR project (a temporary collaborative joint project), maintenance of the Peter Bell and possible change to the Ellacombe chiming system, the results of the Quinquennial Inspection and matters such as the curation of material and a proposed Collections Policy. Restoration of the Dr Peter Hennis Memorial took place during autumn 2018 (formal approval for this work was given at the FAC meeting on 7 September 2017).

During the course of the year the Archaeologist produced a range of reports for Chapter and FAC which have been sent to Library & Archives and/or Cathedral Friends as appropriate, including:- Investigation of void behind Image Screen, Geophysical Survey of Cathedral Green, Phasing and Geology of the East Gable window. The Archaeologist also put forward items for discussion, which are on-going, such as possible collaboration with the University of Exeter on archaeological records and the need for a policy on archaeological archives (including artefacts).

There were no changes to the membership of the Committee during 2018.

There were no external visitors to FAC meetings in 2018. At its meeting on 22 September 2018, the Committee attended a textiles and vestments display in the Sacristy in the context of the cathedral inventory. The FAC members thanked Mrs Diana Symes and Priest Vicar Ian Morter for setting up the display and providing an explanation of the items.

The Archaeologist, Mr John Allan, and Canon Librarian Ann Barwood, attended the CFCE Inventory Conference on 22 June 2018. They wrote and circulated a report on the conference which was reviewed at the FAC meeting in September 2018.

John Allan and Ann Barwood also submitted an Annual Report from the Inventory Working Party to Chapter and FAC in September 2018.

At its meeting on 20 June 2018 the FAC noted the publication of the Cathedrals Working Group report published on 14 June 2018, as well as an email from Sarah King, CFCE dated 31 May 2018 about proposed changes to the Care of Cathedrals Measure.

The FAC noted receipt of the World War 1 Cathedral Repair Fund report from CFCE at its meeting in September 2018.

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### **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. Specific meetings are held to focus on the annual budget and the annual accounts including meeting with the auditors. The Finance Committee is made up of Chapter Canon John Endacott as Chair together with appropriately qualified individuals. The main focus of the Finance Committee continue to be monitoring income and expenditure within the operating budget and considering the development plans being put forward to try and help achieve a sustainable funding level for the Cathedral.

### **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 Cathedral 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 also provides a function catering service, which is used by external customers, as well as by organisations linked to the Cathedral.

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, postcards and souvenirs.

The Café and the Shop continue to generate profit and control costs. We are grateful to all concerned for their contribution in running the shop and café which are greatly appreciated by many visitors.

November and December 2018 saw the second year of the Christmas Market being managed in house. Whilst the number of stalls and applicants grew so did expenditure; more emphasis will be put on controlling costs in 2019 as this is a valuable addition to profit that is passed to the cathedral.

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.

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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 2018 was £150,422.

### 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 £9,776,474 (2017: £9,817,895) comprising £7,362,436 (2017: £7,308,390) of endowment funds, £825,884 (2017: £869,138) of restricted funds, £537,335 (2017: £550,679) of designated funds and £1,050,819 (2017: £1,089,688) 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 £2.5m 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 2018 totalled £530,297 (2017 : £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 2018, the Cathedral held investments of £2,552,061 of which £1,412,003 was held in an investment portfolio managed by Quilter Cheviot and £820,572 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 £2,021,764.

#### *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:



# Exeter Cathedral

## Annual Report

For the year ended 31 December 2018



### *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.

### *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.

### *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.

# Exeter Cathedral

## Annual Report

*For the year ended 31 December 2018*



### *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 .....11 July 2019  
and signed on its behalf by

A handwritten signature in black ink, appearing to read "J. Greener", written over a horizontal line.

**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 2018 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 2018 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 17, 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](http://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.

RRL LLP

RRL LLP

Statutory Auditor

Peat House  
Newham Road  
TRURO  
TR1 2DP

25/7/2019

# Exeter Cathedral



## Consolidated statement of financial activities

For the year ended 31 December 2018

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
<b>Income and endowments from:</b>							
Donations and legacies		294,625	260	603,251	-	898,136	1,029,485
Grants in support of mission		23,644	8,000	339,171	-	370,815	451,981
Charges and fees arising in the course of Mission		34,107	-	-	-	34,107	34,628
Trading and fundraising		1,539,734	-	-	-	1,539,734	1,378,775
Investments		153,190	-	26,292	-	179,482	172,890
Other income		2,943	-	-	-	2,943	7,403
<b>Total income</b>	<b>4</b>	<b>2,048,243</b>	<b>8,260</b>	<b>968,714</b>	<b>-</b>	<b>3,025,217</b>	<b>3,075,162</b>
<b>Expenditure on:</b>							
Raising funds		1,072,503	-	55,131	-	1,127,634	1,132,852
Ministry		525,429	8,000	374,684	-	908,113	849,272
Cathedral and precincts upkeep		387,385	11,870	494,188	-	893,443	767,006
Education and outreach		60,316	1,734	80,902	-	142,952	90,080
Community and congregation		2,384	-	4,573	-	6,957	15,691
<b>Total expenditure</b>	<b>5</b>	<b>2,048,017</b>	<b>21,604</b>	<b>1,009,478</b>	<b>-</b>	<b>3,079,099</b>	<b>2,854,901</b>
<b>Net incoming/(outgoing) resources before investment gains</b>		<b>226</b>	<b>(13,344)</b>	<b>(40,764)</b>	<b>-</b>	<b>(53,882)</b>	<b>220,261</b>
Unrealised (losses)/gains on investments		(39,095)	-	(2,490)	(74,923)	(116,508)	216,416
Realised gains/(losses) on investments		-	-	-	3,969	3,969	(4,216)
Gains on revaluation of investment property		-	-	-	125,000	125,000	-
<b>Net (expenditure)/income</b>		<b>(38,869)</b>	<b>(13,344)</b>	<b>(43,254)</b>	<b>54,046</b>	<b>(41,421)</b>	<b>432,461</b>
<b>Other recognised gains</b>							
Gains on revaluation of fixed assets		-	-	-	-	-	-
<b>Net movement in funds</b>		<b>(38,869)</b>	<b>(13,344)</b>	<b>(43,254)</b>	<b>54,046</b>	<b>(41,421)</b>	<b>432,461</b>
<b>Reconciliation of funds:</b>							
Funds brought forward		1,089,688	550,679	869,138	7,308,390	9,817,895	9,385,434
<b>Funds carried forward</b>		<b>1,050,819</b>	<b>537,335</b>	<b>825,884</b>	<b>7,362,436</b>	<b>9,776,474</b>	<b>9,817,895</b>

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.

# Exeter Cathedral



## Consolidated balance sheet

As at 31 December 2018

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
<b>Fixed assets</b>							
<b>Investment assets</b>							
Property	7	-	-	-	1,530,000	1,530,000	1,405,000
Investments	8	530,297	-	163,487	1,858,277	2,552,061	2,616,111
		<u>530,297</u>	<u>-</u>	<u>163,487</u>	<u>3,388,277</u>	<u>4,082,061</u>	<u>4,021,111</u>
<b>Non-investment assets</b>							
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	116,601	-	447,500	-	564,101	596,709
		<u>116,601</u>	<u>-</u>	<u>447,500</u>	<u>3,931,000</u>	<u>4,495,101</u>	<u>4,527,709</u>
<b>Total fixed assets</b>		<u>646,898</u>	<u>-</u>	<u>610,987</u>	<u>7,319,277</u>	<u>8,577,162</u>	<u>8,548,820</u>
<b>Current assets</b>							
Stocks	13	81,499	-	-	-	81,499	72,662
Debtors	14	163,384	4,611	242,968	-	410,963	463,449
Cash at bank and in hand		482,396	532,724	(8,979)	43,159	1,049,300	1,118,713
		<u>727,279</u>	<u>537,335</u>	<u>233,989</u>	<u>43,159</u>	<u>1,541,762</u>	<u>1,654,824</u>
<b>Liabilities due within one year</b>	15	(323,358)	-	(19,092)	-	(342,450)	(385,749)
<b>Net current assets</b>		<u>403,921</u>	<u>537,335</u>	<u>214,897</u>	<u>43,159</u>	<u>1,199,312</u>	<u>1,269,075</u>
<b>Net assets</b>		<u>1,050,819</u>	<u>537,335</u>	<u>825,884</u>	<u>7,362,436</u>	<u>9,776,474</u>	<u>9,817,895</u>
<b>Funds</b>							
General fund	16	1,050,819	-	-	-	1,050,819	1,089,688
Designated funds	16	-	537,335	-	-	537,335	550,679
Restricted funds	17	-	-	825,884	-	825,884	869,138
Endowment funds	18	-	-	-	7,362,436	7,362,436	7,308,390
<b>Total funds</b>		<u>1,050,819</u>	<u>537,335</u>	<u>825,884</u>	<u>7,362,436</u>	<u>9,776,474</u>	<u>9,817,895</u>

Approved by the Chapter and authorised for issue on 11 July 2019

The Very Reverend Jonathan Greener  
Dean



# Exeter Cathedral



## Cathedral balance sheet

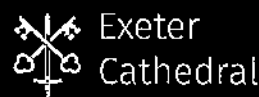
As at 31 December 2018

	Notes	Unrestricted general funds £	Unrestricted designated funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
<b>Fixed assets</b>							
<b>Investment assets</b>							
Property	7	-	-	-	1,530,000	1,530,000	1,405,000
Investments	8	606,018	-	163,487	1,858,277	2,627,782	2,691,832
		<u>606,018</u>	<u>-</u>	<u>163,487</u>	<u>3,388,277</u>	<u>4,157,782</u>	<u>4,096,832</u>
<b>Non-investment assets</b>							
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	-	-	447,500	-	447,500	477,229
		<u>-</u>	<u>-</u>	<u>447,500</u>	<u>3,931,000</u>	<u>4,378,500</u>	<u>4,408,229</u>
<b>Total fixed assets</b>		<u>606,018</u>	<u>-</u>	<u>610,987</u>	<u>7,319,277</u>	<u>8,536,282</u>	<u>8,505,061</u>
<b>Current assets</b>							
Stocks	13	2,375	-	-	-	2,375	2,375
Debtors	14	226,866	4,611	242,968	-	474,445	504,347
Cash at bank and in hand		266,349	532,724	(8,979)	43,159	833,253	972,823
		<u>495,590</u>	<u>537,335</u>	<u>233,989</u>	<u>43,159</u>	<u>1,310,073</u>	<u>1,479,545</u>
<b>Liabilities due within one year</b>	15	(163,376)	-	(19,092)	-	(182,468)	(282,177)
<b>Net current assets</b>		<u>332,214</u>	<u>537,335</u>	<u>214,897</u>	<u>43,159</u>	<u>1,127,605</u>	<u>1,197,368</u>
<b>Net assets</b>		<u>938,232</u>	<u>537,335</u>	<u>825,884</u>	<u>7,362,436</u>	<u>9,663,887</u>	<u>9,702,429</u>
<b>Funds</b>							
General fund	16	938,232	-	-	-	938,232	974,222
Designated funds	16	-	537,335	-	-	537,335	550,679
Restricted funds	17	-	-	825,884	-	825,884	869,138
Endowment funds	18	-	-	-	7,362,436	7,362,436	7,308,390
<b>Total funds</b>		<u>938,232</u>	<u>537,335</u>	<u>825,884</u>	<u>7,362,436</u>	<u>9,663,887</u>	<u>9,702,429</u>

Approved by the Chapter and authorised for issue on 11 July 2019

The Very Reverend Jonathan Greener  
Dean

# Exeter Cathedral



## Consolidated cash flow statement

For the year ended 31 December 2018

	Notes	£	2018 £	£	2017 £
<b>Cash flows from operating activities</b>					
Net cash (outflow)/inflow from operating activities	19		(163,547)		17,147
<b>Cash flows from investing activities</b>					
Rents received net of costs		77,648		74,689	
Investment income received net of costs		92,677		93,591	
Purchase of property, plant and equipment		(27,701)		(152,339)	
Proceeds from sale of investments		46,482		127,675	
Purchase of investments		(94,972)		(130,995)	
Net cash provided by investing activities			94,134		12,621
<b>Change in cash and cash equivalents in the reporting period</b>			(69,413)		29,768
Cash and cash equivalents at the beginning of the reporting period	19		1,118,713		1,088,945
Cash and cash equivalents at the end of the reporting period	19		1,049,300		1,118,713

# Exeter Cathedral

## Notes

*(forming part of the financial statements)*



### 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.

# Exeter Cathedral

## 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.

# Exeter Cathedral

## 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.

#### 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.

# Exeter Cathedral

## 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 2017 £
<b>Income and endowments from:</b>						
Donations and legacies		279,157	216,311	534,017	-	1,029,485
Grants in support of mission		22,064	9,500	420,417	-	451,981
Charges and fees arising in the course of Mission		34,628	-	-	-	34,628
Trading and fundraising		1,378,775	-	-	-	1,378,775
Investments		147,442	-	25,448	-	172,890
Other income		6,060	-	1,343	-	7,403
<b>Total income</b>	<b>4</b>	<b>1,868,126</b>	<b>225,811</b>	<b>981,225</b>	<b>-</b>	<b>3,075,162</b>
<b>Expenditure on:</b>						
Raising funds		1,037,729	-	95,123	-	1,132,852
Ministry		448,185	9,500	391,587	-	849,272
Cathedral and precincts upkeep		337,227	8,555	421,224	-	767,006
Education and outreach		37,442	2,165	50,473	-	90,080
Community and congregation		11,957	-	3,734	-	15,691
<b>Total expenditure</b>	<b>5</b>	<b>1,872,540</b>	<b>20,220</b>	<b>962,141</b>	<b>-</b>	<b>2,854,901</b>
<b>Net (outgoing)/incoming resources before investment gains</b>		<b>(4,414)</b>	<b>205,591</b>	<b>19,084</b>	<b>-</b>	<b>220,261</b>
Unrealised gains on investments		58,379	-	13,742	144,295	216,416
Realised losses on investments		(1,583)	-	-	(2,633)	(4,216)
<b>Net income</b>		<b>52,382</b>	<b>205,591</b>	<b>32,826</b>	<b>141,662</b>	<b>432,461</b>
<b>Other recognised gains</b>						
Gains on revaluation of fixed assets		-	-	-	-	-
<b>Net movement in funds</b>		<b>52,382</b>	<b>205,591</b>	<b>32,826</b>	<b>141,662</b>	<b>432,461</b>
<b>Reconciliation of funds:</b>						
Funds brought forward at 1 January 2017		1,037,306	345,088	836,312	7,166,728	9,385,434
<b>Funds carried forward at 31 December 2017</b>		<b>1,089,688</b>	<b>550,679</b>	<b>869,138</b>	<b>7,308,390</b>	<b>9,817,895</b>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 3. Financial performance of the Cathedral

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

The summary financial performance of the Cathedral alone is:

	2018 £	2017 £
Income	2,231,906	2,319,615
Deed of covenant from subsidiary	150,422	93,310
	<hr/>	<hr/>
	2,382,328	2,412,925
Expenditure	(2,433,331)	(2,305,716)
Net gains on investments	12,461	212,200
Gains on revaluation of fixed assets	-	-
	<hr/>	<hr/>
<b>Net (expenditure)/income</b>	<b>(38,542)</b>	<b>319,409</b>
Total funds brought forward	9,702,429	9,383,020
	<hr/>	<hr/>
<b>Total funds carried forward</b>	<b>9,663,887</b>	<b>9,702,429</b>
	<hr/>	<hr/>
Represented by:		
General funds	938,232	974,222
Designated funds	537,335	550,679
Restricted funds	825,884	869,138
Endowment funds	7,362,436	7,308,390
	<hr/>	<hr/>
	9,663,887	9,702,429
	<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 2018 £	Total 2017 £
<b>Donations and legacies</b>						
Congregational collections and giving	113,080	-	-	-	113,080	147,004
Donations	137,770	260	54,863	-	192,893	138,858
Tax recoverable under Gift Aid	43,775	-	7,031	-	50,806	58,805
Income from Friends and local trusts	-	-	489,081	-	489,081	412,507
Legacies	-	-	52,276	-	52,276	272,311
	294,625	260	603,251	-	898,136	1,029,485
<b>Grants</b>						
Church Commissioners	-	-	234,236	-	234,236	215,190
Church Care grants	-	-	-	-	-	136,707
Other revenue and capital grants	23,644	8,000	104,935	-	136,579	100,084
	23,644	8,000	339,171	-	370,815	451,981
<b>Charges and fees arising in the course of the mission</b>						
Facility and other fees	34,107	-	-	-	34,107	34,628
	34,107	-	-	-	34,107	34,628
<b>Trading and fundraising</b>						
Charges to visitors	404,858	-	-	-	404,858	403,650
Income from lettings of cathedral or other buildings	143,554	-	-	-	143,554	134,786
Other trading activities	991,322	-	-	-	991,322	840,339
	1,539,734	-	-	-	1,539,734	1,378,775
<b>Investments</b>						
Income from investment property	80,940	-	-	-	80,940	77,819
Income from other investments	69,525	-	25,363	-	94,888	93,140
Interest receivable on short term deposits	2,725	-	929	-	3,654	1,931
	153,190	-	26,292	-	179,482	172,890
<b>Other incoming resources</b>						
Other items	2,943	-	-	-	2,943	7,403
	2,943	-	-	-	2,943	7,403
<b>Total income</b>	<b>2,048,243</b>	<b>8,260</b>	<b>968,714</b>	<b>-</b>	<b>3,025,217</b>	<b>3,075,162</b>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 5. Expenditure on:

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total 2018 £	Total 2017 £
<b>Raising funds</b>						
Costs of facilities for visitors	263,677	-	28,012	-	291,689	283,890
Costs of services directly recoverable	14,082	-	-	-	14,082	11,325
Other trading activities	711,414	-	-	-	711,414	631,053
Costs of fundraising	19,905	-	-	-	19,905	57,135
Investment property costs	3,292	-	-	-	3,292	3,130
Investment management costs	5,865	-	-	-	5,865	6,281
Allocation of support costs	54,268	-	27,119	-	81,387	140,038
	<u>1,072,503</u>	<u>-</u>	<u>55,131</u>	<u>-</u>	<u>1,127,634</u>	<u>1,132,852</u>
<b>Ministry</b>						
Clergy stipends and working expenses	25,284	-	95,438	-	120,722	104,973
Clergy housing costs	108,846	-	-	-	108,846	56,522
Clergy support costs	33,815	-	-	-	33,815	28,316
Cost of services	95,001	-	13,092	-	108,093	108,054
Cost of music (i)	158,129	8,000	213,166	-	379,295	363,494
De Pass legacy paid to Trust	-	-	840	-	840	56,000
Allocation of support costs	104,354	-	52,148	-	156,502	131,913
	<u>525,429</u>	<u>8,000</u>	<u>374,684</u>	<u>-</u>	<u>908,113</u>	<u>849,272</u>
<b>Cathedral and precincts upkeep</b>						
Works funded by trusts and others	-	-	277,347	-	277,347	280,222
Maintenance and interior upkeep	179,630	11,870	165,863	-	357,363	302,598
Cathedral insurance	58,668	-	-	-	58,668	49,815
Precincts, security & gardens upkeep	47,076	-	-	-	47,076	29,955
Allocation of support costs	102,011	-	50,978	-	152,989	104,416
	<u>387,385</u>	<u>11,870</u>	<u>494,188</u>	<u>-</u>	<u>893,443</u>	<u>767,006</u>
<b>Education and outreach</b>						
Educational activities	14,131	-	13,686	-	27,817	4,507
Library & archives	31,597	-	59,060	-	90,657	66,324
Other	(1,734)	1,734	-	-	-	2,165
Allocation of support costs	16,322	-	8,156	-	24,478	17,084
	<u>60,316</u>	<u>1,734</u>	<u>80,902</u>	<u>-</u>	<u>142,952</u>	<u>90,080</u>
<b>Community</b>	<u>2,384</u>	<u>-</u>	<u>4,573</u>	<u>-</u>	<u>6,957</u>	<u>15,691</u>
<b>Total expenditure</b>	<u>2,048,017</u>	<u>21,604</u>	<u>1,009,478</u>	<u>-</u>	<u>3,079,099</u>	<u>2,854,901</u>

(i) Cost of music comprises the following:

	2018 £	2017 £
Directors' pay, accommodation and expenses	78,606	76,693
Choir	76,993	53,606
Music Outreach	11,542	10,636
Chorister scholarships, bursaries, expenses	134,908	135,627
Choral scholar's grants and accommodation	23,306	22,483
Instrument and equipment costs	12,504	23,229
Liturgy and music department	26,411	25,369
Marketing costs	15,025	15,851
	<u>379,295</u>	<u>363,494</u>

Included within the above expenditure of £3,079,099 are exceptional re-organisation costs of £17,178.

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 6. Administrative expenses included in statement of financial activities

	Raising funds £	Ministry £	Cathedral and precinct upkeep £	Education and outreach £	Community and congregation £	Total 2018 £
<i>Unrestricted funds:</i>						
The Cloisters premises costs	16,474	31,678	30,987	4,955	241	84,315
Compliance costs	10,260	19,730	19,287	3,086	150	52,513
Staff costs	9,171	17,636	17,240	2,758	134	46,939
Professional and consulting costs	7,622	14,657	14,328	2,293	111	39,011
Audit and accountancy fees	2,755	5,298	5,179	829	40	14,101
Printing, postage and stationery costs	2,168	4,169	4,075	652	32	11,096
Conference, subscriptions, travel and subsistence	2,539	4,882	4,773	764	37	12,995
Information technology costs	2,018	3,880	3,793	607	30	10,328
Bank charges	534	1,027	1,003	161	8	2,733
Cleaning costs	691	1,328	1,298	208	10	3,535
Operational and sundry costs	36	69	67	9	1	182
	<u>54,268</u>	<u>104,354</u>	<u>102,010</u>	<u>16,322</u>	<u>794</u>	<u>277,748</u>
<i>Restricted funds:</i>						
Staff costs	27,119	52,148	50,979	8,156	397	138,799
	<u>81,387</u>	<u>156,502</u>	<u>152,989</u>	<u>24,478</u>	<u>1,191</u>	<u>416,547</u>

Administration expenses of £416,547 (2017: £408,817) have been apportioned in line with expenditure (adjusted for material distortions).

### 7. Investment property – Group and Cathedral

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<i>Valuation</i>					
At beginning of year	-	-	-	1,405,000	1,405,000
Revaluation	-	-	-	125,000	125,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530,000</u>	<u>1,530,000</u>
At end of year	-	-	-	1,530,000	1,530,000

The above freehold properties were valued by Savills (L&P) Limited, Chartered Surveyors at open market value for existing use on 31 December 2018 or by Drew Pearce, Chartered Surveyors at open market value for existing use at 31 March 2014.

## Notes

(forming part of the financial statements)

### 8. Investments

	Unrestricted funds £	Designated funds £	Restricted funds £	Endowment funds £	Total £
<b>Group</b>					
<i>Market value</i>					
At beginning of year	549,672	-	165,977	1,900,462	2,616,111
Additions	35,685	-	-	59,287	94,972
Disposals	(15,965)	-	-	(26,549)	(42,514)
Revaluation	(39,095)	-	(2,490)	(74,923)	(116,508)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	530,297	-	163,487	1,858,277	2,552,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cathedral</b>					
<i>Market value</i>					
At beginning of year	625,393	-	165,977	1,900,462	2,691,832
Additions	35,685	-	-	59,287	94,972
Disposals	(15,965)	-	-	(26,549)	(42,514)
Revaluation	(39,095)	-	(2,490)	(74,923)	(116,508)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	606,018	-	163,487	1,858,277	2,627,782
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
			Listed investments £	Unlisted Investments £	Total £
<b>Group</b>					
<i>Market value</i>					
At beginning of year			1,463,763	1,152,348	2,616,111
Additions			94,939	33	94,972
Disposals			(42,514)	-	(42,514)
Revaluation			(104,185)	(12,323)	(116,508)
			<hr/>	<hr/>	<hr/>
At end of year			1,412,003	1,140,058	2,552,061
			<hr/>	<hr/>	<hr/>
		Shares in subsidiary undertaking £	Listed investments £	Unlisted Investment £	Total £
<b>Cathedral</b>					
<i>Market value</i>					
At beginning of year		75,721	1,463,763	1,152,348	2,691,832
Additions		-	94,939	33	94,972
Disposals		-	(42,514)	-	(42,514)
Revaluation		-	(104,185)	(12,323)	(116,508)
		<hr/>	<hr/>	<hr/>	<hr/>
At end of year		75,721	1,412,003	1,140,058	2,627,782
		<hr/>	<hr/>	<hr/>	<hr/>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 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 2018 were audited and the audit report was unqualified.

A summary of the trading results are shown below:

	2018 £	2017 £
Turnover	835,285	797,975
Cost of sales and administrative expenses	(687,904)	(591,641)
Interest receivable	162	28
	<hr/>	<hr/>
Net profit	147,543	206,362
Covenant payable to Cathedral	(150,422)	(93,310)
	<hr/>	<hr/>
Retained in subsidiary	(2,879)	113,052
	<hr/>	<hr/>
The assets and liabilities of the subsidiary were:	2018 £	2017 £
Fixed assets	116,601	119,480
Current assets	338,589	228,181
Current liabilities	(266,882)	(156,474)
	<hr/>	<hr/>
Total net assets	188,308	191,187
	<hr/>	<hr/>
Aggregate share capital and reserves	188,308	191,187
	<hr/>	<hr/>

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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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 2018.

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

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 11. Property for Cathedral use (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 2018.

### 12. Equipment and plant

	£
<b>Group</b>	
<b>Cost</b>	
At beginning of year	881,747
Additions	27,701
	<hr/>
At end of year	909,448
	<hr/>
<b>Depreciation</b>	
At beginning of year	285,038
Charge for year	60,309
	<hr/>
At end of year	345,347
	<hr/>
<b>Net book value</b>	
At end of year	564,101
	<hr/>
At beginning of year	596,709
	<hr/>
<b>Cathedral</b>	
<b>Cost</b>	
At beginning and end of year	696,053
	<hr/>
<b>Depreciation</b>	
At beginning of year	218,824
Charge for year	29,729
	<hr/>
At end of year	248,553
	<hr/>
<b>Net book value</b>	
At end of year	447,500
	<hr/>
At beginning of year	477,229
	<hr/>

### 13. Stocks

	Group 2018 £	2017 £	Cathedral 2018 £	2017 £
Building materials	2,375	2,375	2,375	2,375
Goods for resale	79,124	70,287	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	81,499	72,662	2,375	2,375
	<hr/>	<hr/>	<hr/>	<hr/>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 14. Debtors

	Group 2018 £	2017 £	Cathedral 2018 £	2017 £
Exeter Cathedral Enterprises Limited	-	-	106,900	52,902
Recoverable taxation	26,223	33,869	26,223	33,869
Other debtors	83,040	277,646	74,719	275,812
Prepayments and accrued income	151,793	87,666	129,675	77,496
VAT	12,979	-	-	-
Exeter Cathedral Preservation Trust	30,000	-	30,000	-
Friends of Exeter Cathedral	106,928	64,268	106,928	64,268
	<b>410,963</b>	<b>463,449</b>	<b>474,445</b>	<b>504,347</b>

### 15. Liabilities due within one year

	Group 2018 £	2017 £	Cathedral 2018 £	2017 £
Trade creditors	184,567	143,221	87,960	93,567
Planned giving	8,241	15,491	8,241	15,491
Taxation and social security	22,686	18,548	21,297	16,121
Other creditors	5,306	15,942	5,306	13,658
Accruals and deferred income	117,039	136,547	55,053	87,340
Exeter Cathedral Music Foundation Trust	4,611	56,000	4,611	56,000
	<b>342,450</b>	<b>385,749</b>	<b>182,468</b>	<b>282,177</b>

### 16. Unrestricted and designated funds

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains and losses £	At end of year £
<b>Group</b>						
Designated funds:						
Development Fund	548,624	260	(11,870)	-	-	537,014
Fine art	2,055	-	(1,734)	-	-	321
Harrington Choristers Bursaries	-	8,000	(8,000)	-	-	-
	<b>550,679</b>	<b>8,260</b>	<b>(21,604)</b>	<b>-</b>	<b>-</b>	<b>537,335</b>
General fund	1,089,688	2,048,243	(2,048,017)	-	(39,095)	1,050,819
	<b>1,640,367</b>	<b>2,056,503</b>	<b>(2,069,621)</b>	<b>-</b>	<b>(39,095)</b>	<b>1,588,154</b>
<b>Cathedral</b>						
Designated Funds						537,335
General Fund						938,232

#### 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.

**Harrington Choristers Bursaries** – Funds designated for chorister bursaries.

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 17. Restricted funds – Group and Cathedral

	At beginning of year £	Income £	Expenditure £	Transfers £	Losses £	At end of year £
Exeter Cathedral Music Foundation Trust	-	150,000	(150,000)	-	-	-
Exeter Cathedral Preservation Trust	-	30,000	(30,000)	-	-	-
Friends of Exeter Cathedral	-	309,081	(309,081)	-	-	-
Church Care, Home Office and LPWS	14,920	62,715	(77,635)	-	-	-
Church Commissioners	-	234,236	(234,236)	-	-	-
Headley Trust	4,727	-	(2,091)	-	-	2,636
European Funding – VISTA AR project	-	26,252	(26,252)	-	-	-
Organ Fund	6,604	438	-	-	-	7,042
Library Fund	31,283	21,482	(26,461)	-	-	26,304
Fabric funds	55,989	60,305	-	-	(2,280)	114,014
Chorister Outreach Programme	41,177	8,866	(11,543)	-	-	38,500
Music funds	61,622	2,650	-	-	-	64,272
Walker Memorial	3,761	5,250	(2,789)	-	-	6,222
Liturgy/mission funds	34,644	8	-	-	(210)	34,442
Stubbs legacy	5,101	-	-	-	-	5,101
Audio Tour	4,618	-	-	-	-	4,618
Image Screen	2,973	-	-	-	-	2,973
Education donation	8,686	5,000	(13,686)	-	-	-
Chapter Discretionary Fund	7,966	-	(2,200)	-	-	5,766
Holy Ground	1,705	3,770	(2,215)	-	-	3,260
SOAR & Wednesday Café	7,685	1,403	(1,977)	-	-	7,111
Sundays @7	745	969	(139)	-	-	1,575
Visitor leaflets	1,441	1,100	(1,760)	-	-	781
Choir Tour Funds	8,299	17,653	(24,976)	-	-	976
Harrington Books/Cases	231	-	-	-	-	231
Nativity	1,663	1,344	(999)	-	-	2,008
Music legacy	42,623	-	-	-	-	42,623
Bell project	30,624	18,685	(49,309)	-	-	-
Stonemasons Education Fund	1,958	3,750	(3,980)	-	-	1,728
De Pass Legacy - Music	-	610	(610)	-	-	-
Exeter Cathedral Choir Association	10,232	1,516	(8,329)	-	-	3,419
On Common Ground	439	-	-	-	-	439
Other funds	1,343	-	-	-	-	1,343
Vestments	-	1,000	-	-	-	1,000
Peter Hennis Memorial	-	631	(631)	-	-	-
<b>Capital funds</b>						
Library Capital Fund	475,097	-	(27,597)	-	-	447,500
Nave Sanctuary Furniture Capital Fund	982	-	(982)	-	-	-
	<u>869,138</u>	<u>968,714</u>	<u>(1,009,478)</u>	<u>-</u>	<u>(2,490)</u>	<u>825,884</u>

#### Details of restricted funds:

The Cathedral is supported by grants from three charitable Trusts:

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



# Exeter Cathedral

## Notes

*(forming part of the financial statements)*



### 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.

#### **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.

#### **Music Fund**

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

#### **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.

#### **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.

# Exeter Cathedral

## 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.

#### **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.

#### **De Pass legacy – Music**

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

#### **Exeter Cathedral Choir Association**

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.

#### **Vestments**

This was a donation towards the costs for rose vestments.

#### **Peter Hennis Memorial**

This fund was to cover the costs to repair the Peter Hennis Memorial and a plaque.

#### **Nave Sanctuary Furniture**

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

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 18. Endowment fund – Group and Cathedral

	£
At beginning of year	7,308,390
Realised gains on disposal of investments	3,969
Unrealised losses on investments	(74,923)
Gains on revaluation of investment property	125,000
	<hr/>
At end of year	7,362,436
	<hr/>

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

	2018 £	2017 £
Net (outgoing)/incoming resources before investment gains	(53,882)	220,261
<i>Adjustments for:</i>		
Depreciation charges	60,309	70,478
Income from property and investments	(179,482)	(172,890)
Property management costs, rental collection fees and investment management costs	9,157	9,411
Increase in stocks	(8,837)	(1,860)
(Increase)/decrease in debtors	52,487	(239,948)
Increase/(decrease) in creditors	(43,299)	131,695
	<hr/>	<hr/>
Net cash (used)/generated by in operating activities	(163,547)	17,147
	<hr/>	<hr/>

### Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	3,611	3,489
Cash at bank	1,045,689	1,115,224
	<hr/>	<hr/>
Total cash and cash equivalents	1,049,300	1,118,713
	<hr/>	<hr/>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 20. Staff and Clergy numbers and costs

The average number (full time equivalents) of employees and clergy during the year was 56 (2017: 48). Part time staff are included on the basis of full time equivalents. This number is divided as follows: clergy 4 (2017: 1), music and ministry 10 (2017: 11), upkeep 12 (2017: 11), administration 6 (2017: 7), fundraising 1 (2017: 0), visitors 13 (2017: 11), education 1 (2017: 0), Exeter Cathedral Enterprises Limited 9 (2017: 7). The total average number of employees during the year was 68 (2017: 70).

The cost of these staff was as follows:

	2018 £	2017 £
Salaries and stipends	1,086,569	1,001,671
Termination Payments	-	44,753
Employer's national insurance	67,745	72,351
Employer's pension costs	36,094	6,703
	<u>1,190,408</u>	<u>1,125,478</u>

No employee received remuneration in excess of £60,000.

### 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 £175,316 (2017: £197,885).

### 22. Auditors remuneration

	Group 2018 £	2017 £	Cathedral 2018 £	2017 £
Audit services	16,950	12,450	12,950	8,650
Other services	600	650	350	400
	<u>17,550</u>	<u>13,100</u>	<u>13,300</u>	<u>9,050</u>

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 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 2018 £	Exeter Cathedral Music Foundation Trust 31 December 2018 £	Exeter Cathedral Preservation Trust 31 December 2018 £
<b>Income and expenditure</b>			
Gross income	466,175	340,935	24,263
Net movement in funds before payments to Cathedral	262,165	(10,528)	11,251
Amount payable to Cathedral	(282,881)	(150,000)	(30,000)
Net movement in funds after payments to Cathedral	(20,716)	(160,528)	(18,749)
<b>Balance sheet</b>			
Tangible assets	91	-	-
Investments	6,287,904	5,046,487	703,568
Current assets	325,993	190,898	131,121
Creditors due within one year	(136,677)	(8,907)	(30,000)
	6,477,311	5,228,478	804,689

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 JFD Greener	29,462	8,905
The Reverend Canon Mustard	23,485	7,304
The Reverend Canon Palmer	12,439	3,845
	75,386	20,052

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 (2017: 8) members of Chapter totalling £5,637 (2017: £6,294).

### 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.

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.

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 25. Pension schemes (continued)

#### Clergy staff (continued)

	2018 £	2017 £
Balance sheet liability at 1 January	-	23,000
Deficit contribution paid	-	(1,000)
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability * (recognised in SoFA)	-	(22,000)
	<hr/>	<hr/>
Balance sheet liability at 31 December	-	-
	<hr/>	<hr/>

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

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 is £nil because the Cathedral does not self fund Clergy posts.

#### Lay staff

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

The cost for the period amounted to £3,290 (2017: £3,421) 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 £14,952 (2017: £10,202) 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.

# Exeter Cathedral

## Notes

(forming part of the financial statements)



### 28. Operating leases financial commitments – Group and Cathedral

At 31 December 2018, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 £	2017 £
<i>Other operating leases</i>		
Within one year of the balance sheet date	4,371	9,114
In the second to fifth years inclusive of the balance sheet date	12,638	16,825
Over 5 years of the Balance Sheet date	121	-
	<hr/>	<hr/>
	17,130	25,939
	<hr/>	<hr/>

### 29. Other financial commitments – Group and Cathedral

	2018 £	2017 £
Expenditure contracted for but not provided in the financial statements	54,915	23,900
	<hr/>	<hr/>