

The Cathedral Church of St Peter in Exeter

Financial statements

For the year ended 31 December 2019

Exeter Cathedral

Contents

	<i>Page</i>
Annual report	1 – 13
Statement of the Responsibilities of the Chapter	14
Independent auditors' report	15–16
Consolidated statement of financial activities	17
Consolidated balance sheet	18
Cathedral balance sheet	19
Consolidated cash flow statement	20
Notes	21 – 41

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 2019 to the date of approval of the annual report and financial statements were as follows:

The Very Reverend Jonathan Greener	Dean
The Reverend Canon Dr Mike Williams	Canon Treasurer
The Reverend Canon Becky Totterdell	Residentiary Canon (until October 2019)
The Reverend Canon James Mustard	Canon Precentor
The Reverend Canon Dr Chris Palmer	Canon Chancellor
John Endacott FCA	Chapter Canon
The Venerable Dr Trevor Jones	Chapter Canon
Jenny Ellis CB	Chapter Canon
The Reverend Canon Cate Edmond	Canon Steward (from October 2019)

Address

Cathedral Office
1 The Cloisters
EXETER,
EX1 1HS

Staff with Management Responsibilities

Administrator	Catherine Escott
Clerk of Works	Christopher Sampson
Director of Music	Timothy Noon
Library and Archive	Lay Canon Ann Barwood BEM
Director of Development	Jill Taylor

Exeter Cathedral Enterprises Limited

Chairman	The Reverend Canon Dr Mike Williams
Director	Catherine Escott
Director	The Very Reverend Jonathan Greener
Director	John Endacott FCA

Exeter Cathedral

Annual Report

For the year ended 31 December 2019



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

Haysmacintyre
10 Queen Street Place
London
EC4R 1AG

Stockbrokers

Charles Stanley
Broadwalk House
Southernhay West
EXETER
EX1 1TS

Investment Managers

Quilter Cheviot
One Kingsway
LONDON
WC2B 6AN

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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.

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 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 2019 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.

HR Committee

The HR committee is chaired by a Chapter Canon and the other members are the Dean, the Canon Treasurer and the Administrator. During the year an HR officer was recruited and he attends meetings on a regular basis. The committee meets roughly monthly in advance of Chapter meetings. It deals with a mixture of issues relating to individuals, staff welfare and wider policy and organisational issues. It regularly reviews expenditure on salaries and makes recommendations to Chapter on the creation of new posts. Members of the committee regularly sit on recruitment panels; and the committee keeps procedures under review to ensure that good practice is followed, particularly on safer recruitment.

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 2019 the Council met four times. At its May meeting the Council considered a report from the Dean on the progress of the implementation of the Directions in the Bishop's Charge of September 2016. Following the meeting the Chairman was delighted to be able to write to the Bishop to express his view that the directions in that Charge had now been addressed in their entirety. Three years of hard work went into responding to the Charge, and the Council was impressed by the marvellously positive manner in which the large number of tasks had been tackled by the Dean, the Chapter and their colleagues.

Issued after revisions to the report of the Cathedrals Working Group a draft of a new Cathedrals Measure confirms that the proposed changes to the governance and management of the Cathedral mean that the Cathedral Council will cease to exist. It is unclear as to when that moment may come and in the meantime the Council is playing its part in considering appropriate proposals in connection with any necessary amendments to the Constitution and Statutes of the Cathedral.

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:

As we reported last year, 2018 was a year for building a new team here at Exeter Cathedral. In 2019, that team was comprehensively assessed.

All English Cathedrals are to be subject to a Safeguarding Audit by the Social Care Institute for Excellence. During 2018, we had worked hard to ensure that our safeguarding policies and procedures were in good shape, so volunteered to be reviewed as part of the first tranche, in February 2019. The Chapter takes its responsibility for the safeguarding of children and vulnerable adults very seriously and were pleased that this was recognised by the auditors. Their report concluded that the Cathedral has progressed well in the area of safeguarding and has the essential 'building blocks' in place to ensure continued progress.

In June we underwent a process of Self-Assessment and Peer Review, facilitated by the Association of English Cathedrals. We were visited by Reviewers from Liverpool, Ely and Winchester, and again were encouraged by their findings. They commented on the quality of our Governance, the commitment of our staff, and the hard work that had taken place to bring our budget under control and to secure our future. One of the most telling comments was that "Exeter is a wonderful cathedral and the team was hugely impressed by the building and the heritage of this magnificent place. It should be better known as one of the great cathedrals to visit in England." This confirmed the Chapter's desire to promote the cathedral and tell our story more effectively than has been the case hitherto.

Having completed the self-assessment, and previously undertaken a worship audit, we had fulfilled the final requirements of the Bishop's Charge, following his visitation, and this was formally signed off in July. There was a great sense of relief that we had finally emerged from nearly four very demanding years, and were now free to concentrate on developing our mission, and consolidating our fabric and finances for the future. So let me offer a few comments on each of those areas of cathedral life.

Mission

The Chapter has been keen to reach out to the people of Exeter, and more broadly across the Diocese and county. We hosted hustings for both the European and General Elections. We launched a Rule of Life for the cathedral community, and an accompanying programme of Christian education and nurture. In June, we hosted the National 12 Bell Striking Competition when ringers gathered from all over the country, and our home team was crowned national champions. In July, there took place a much publicised Requiem mass for the 650th anniversary of the death of Bishop Grandisson who completed the building of the cathedral. In August, we mounted a major exhibition of church embroidery by the Royal School of Needlework, which served as a pilot for a number of other exhibitions and activities we had planned for the coming year. In November, the Bishop came to the cathedral to distribute the first St Boniface awards to those who have contributed in notable ways to church life in Devon, and we celebrated the 25th anniversary of girls joining the cathedral choir with two broadcast Evensong services on Radio 3. Our Christmas events, concerts and services were as busy as ever, as was the Christmas Market. And during the year we bade a fond farewell to Canon Becky Totterdell, but were delighted to welcome Canon Cate Edmonds as a Residentiary Canon to replace her.

Fabric

A great deal of time, energy and money was invested in developing our plans to address the major fabric issues which become more acute year by year: heating, lighting, sound, WCs, and conservation of the historic fabric. We remain indebted to the Friends of the Cathedral for their invaluable support, especially for work on the high-level stone, but these major infrastructure issues have to be addressed if we are ensure our sustainability for the longer term. The challenge has been to find the right order in which to tackle the problems, since they are all pretty urgent. We finally agreed to begin work with the Chapter House, and then to tackle the Quire and East End inside the building. So our fundraising efforts focused first on the Chapter House, and then on the preparation of an application to the National Lottery Heritage Fund, which was submitted in November, and encompassed the completion of the Chapter House works, and major upgrading to our facilities east of the Pulpitum Screen. All major works are regulated by the Cathedrals Fabric Commission for England, so we were pleased to begin the process of consultation with an informal visit by the CFCE in August.

At the same time we were investigating the possibility of a USA fundraising tour (now postponed until at least 2022), and the launch of a domestic development appeal at some point in 2020.

Finance

As you will see, our accounts for 2019 look very encouraging. But this is due in part to our fundraising successes, with more income than expenditure to date, and a one-off grant from the Exeter Cathedral Preservation Trust, which closed in 2019. Operationally finances remain tight, and we continue to work hard to boost our income and control our expenditure. We, like most English cathedrals,

Exeter Cathedral

Annual Report

For the year ended 31 December 2019



struggle to fund the number and calibre of staff we need to run an institution of this kind. However, we managed to set a balanced budget for 2020. We remain indebted, as every year, both to our Cathedral Friends, and to the Exeter Cathedral Music Foundation Trust who continue to fund approximately half the cost of our music, and remain committed to increasing their endowment in order to fund a greater proportion in future years.

The events of 2020 will of course be a subject for the 2020 accounts, but it is worth saying at this stage that our financial picture has changed dramatically because of the anticipated collapse in earned commercial income (from visitors and events, etc.), and consequent cuts and redundancies. The Chapter is monitoring our cash flow assiduously, ensuring that we remain a going concern for this year and for the future. At the same time, the Chapter has managed to retain a focus on the next generation and is continuing to pursue our development plans and associated fundraising. We were particularly fortunate that 2019 laid such positive foundations on which to build.

Jonathan Greener

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 (Closing 2020)
Exeter Cathedral Music Foundation	Charity Commission No. 297365

Friends of Exeter Cathedral *from Pete Privett, Secretary*

The Friends celebrated their 90th anniversary in 2019 and marked this with an appeal to boost our funds, especially appropriate in view of our commitment to supporting the work of the stonemasons for the next five years. This appeal was led by Conrad Donaldson, who hand signed every one of the 2000 plus letters that we sent out but I am pleased to be able to report that his efforts bore much fruit and the fund stood at over £116K at the time of writing. We are most grateful to the many generous Friends who contributed to this splendid result.

Running concurrently with this appeal we were also in discussion with the Exeter Cathedral Preservation Trust as they were planning to wind up their operation and place their remaining funds into our own Fabric Fund. By the end of the year the majority of these funds had been transferred, boosting our reserves by over £800k, and we are grateful to the ECPT for considering The Friends to be the 'safe pair of hands' who will put the income from their capital to good use in perpetuity.

During the year many Friends events were organised, at which some excellent talks were enjoyed, and a very successful Friends Day was held on 29 June, when our AGM also took place. We continue to enrol members on a regular basis and last year added 101 new Friends to our number, which strangely exactly balance the number that we lost for whatever reason. So, our membership remains very healthy at over 2800 in number.

Our support for the cathedral in 2019 through grants amounted to almost £294k and for 2020 we have budgeted a further £275k.

As we move into 2020 we look forward to another strong year of providing for our loyal members and the cathedral.

Exeter Cathedral Preservation Trust *from John Endacott, Treasurer*

The purpose of the trust was to provide funds to Exeter Cathedral for such charitable activities connected with the Cathedral as the trustees from time to time in their absolute discretion determined. The trustees decided to terminate the trust and to merge it with The Friends of Exeter Cathedral. The consent of the Charity Commission was received on 31 October 2019 and the transfer of the activities to the trustees of The Friends of Exeter Cathedral was completed by 28 February 2020.

During the year to 31 December 2019, the trust had investment income and gains of £146,385. After costs of £6,334, a transfer to Exeter Cathedral for the Library and Archives of £107,000, the balance of the trust fund of £837,740 was transferred to The Friends of Exeter Cathedral, with the transfer of assets being completed on 28 February 2020.

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

In 2019 the receipt of donations, legacies and investment income totalled £248,000 (2018 – £341,000). The reduction was mainly due to lower legacies. Grants to the Cathedral totalled £160,000 (2018 – £150,000). In view of the strength of stock markets, total funds increased to £6,013,000 (2018 – £5,228,000), ahead of the 10 year business plan agreed in 2018.

In early 2019 we welcomed Ian Huggett FCA as Treasurer and Trustee. 2019 was a good year for sponsored music events in the Cathedral including a Summer concert and also The Messiah in December. Both events were well attended and supported by the Cathedral Choir and Devon Baroque.

In early 2020, due to other commitments, we were sorry to see Marilyn Pocock resign as Trustee and we thank Marilyn for her service and wish her well for the future. We are currently in the midst of the COVID-19 pandemic and music events in the Cathedral have not been able to take place. However, efforts are being made to stream live music in order to ensure that Cathedral music continues during this difficult time. The value of the investment fund has reduced significantly, in line with the reduction in stock market valuations across the world. We are also expecting significantly reduced investment income, again in line with markets generally.

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*

In January 2020, the CCC had a most productive Away day at Mill House Retreat Centre, near Tiverton. We worked on a Vision and Values Statement, plans for the Year of Invitation and Welcome, and an Action Plan for 2020. We all left with delegated responsibility for one of 17 points in the plan. An enthusiastic start was made; and we all know what happened next. The Covid-19 emergency with all its consequences has overshadowed much of the last year, but there are, nevertheless, many positive developments to report.

One of our agreed priorities was to encourage improved attendance at daily Morning and Evening Prayer. This has been achieved in a way we could never have anticipated. Morning Prayer on Zoom now has a regular congregation of 10-20 people, and often more. Another target was to make contact with mission communities and parishes to let them know when we will pray for them at the Cathedral in the diocesan cycle of prayer. This simple measure has produced some heart-warming responses, and the wonders of technology have enabled parish clergy and laity to join Morning Prayer at the Cathedral on the appropriate day.

Of the issues in hand this time last year, we have had meetings devoted to safeguarding and worship. The former focussed on how the CCC could help Chapter to embed a culture of safeguarding in all areas of Cathedral life. We proposed that each group and committee within the Cathedral Community should have a safeguarding champion, to ensure that the subject is prominent in all we do. This suggestion was approved, and a draft role description has been prepared. Plans for a chapel devoted to Justice, Peace the Integrity of Creation are at an advanced stage.

The restrictions of Covid-19 have frustrated or delayed a number of initiatives, including refining the changes made last year to Outward Giving—the two special collections, for Shelterbox and the Exeter Foodbank, having been less productive than we hoped. Other matters approved, but on hold, are the construction of a new Cathedral Community information desk, an Amnesty Sunday and Lunch, postcards to facilitate contact with newcomers, the ongoing work of the Prison Prayer and Support Group, which has been strengthened by additional members during the year, and a course to improve invitation and welcome.

The Social Events Team (SET) was launched with a triumphant hat-trick of events; a lunch for the Cathedral Community to welcome choristers and their families at the beginning of the choir term in September, a Harvest Lunch, and An Evening with the Dean on Shrove Tuesday. When the time is right and safe, we will party again. Meanwhile, the Cathedral Community Quiz Night in June organised by Canon Ian Morter, Canon Chris Palmer and the Servers was a great success both socially and technically.

The resilience of the Cathedral Community has been evident during the last few months. We have all greatly appreciated the efforts of the clergy and lay staff to maintain worship, and to reach in new ways to worshippers and volunteers. The Pastoral Care Team, has been organised and thorough in contacting our disparate community. Including those without online communication remains a high priority. Many groups within the Cathedral, including the Tapisers, and the Servers, have worked very hard to support each other. Cloister Club has continued to meet virtually, and the Wednesday Kitchen has operated in a revised form.

The immediate future requires focus on the day to day demands of the situation we are in, and how best the whole Cathedral Community can assist Chapter and the staff in meeting the challenges of the moment, not least the financial situation. We will return to more strategic thinking in the autumn, when we will revisit vision, values and priorities in the light of the changes to our thinking and our being wrought by the legacy of recent events.

Fabric Advisory Committee (FAC) *from Gwynneth Hermsen, 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 2019 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, the Ancient Monuments Society and the Twentieth Century Society. The committee has been pleased to approve the following projects at

Exeter Cathedral

Annual Report

For the year ended 31 December 2019



the Cathedral:

- To remove the font's Carrara marble and Portland stone step/plinth from the floor in front of West side of the font in the nave/South nave aisle. Also temporary removal of timber font cover from site for assessment prior to alteration conservation and repair subject to a specialist conservation report.
- To conduct investigative works in the Cathedral Chapter House to inform on the nature of the floor construction and structural movement evident in the 2nd bay Niches Westward on the North side along with polychrome investigations in this area. All to guide and influence possible future projects in the area.
- To remove the complete existing mechanical "Ellacombe Chimes" system for the striking of the bells in the South tower and elements of mechanical system for the Peter bell in the North tower. This will be replaced with a programmable electronic system providing more scope for the chiming of the bells, cabling and control boxes will be installed to enable the operation.

The committee was pleased that several of the projects that came forward in 2019 received grants from the Friends of Exeter Cathedral.

During the year the committee has 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.

In 2019 the Cathedral Architect and Archaeologist produced their reports and recommendations on the Quinquennial Inspection 2012 to 2017/18.

Andrew Pye, Heritage Officer at Exeter City Council, attended 3 of the 4 meetings of FAC during the year as an invited representative of Exeter CC.

The Cathedral Inventory Working Party reported to the June and September meetings. The Inventory Working Party submitted an annual report to Chapter and FAC in September 2019. The committee would like to express thanks for the Working Party's valuable contributions.

Committee members provided valuable comment and advice on ongoing projects including:

- Strategic Planning – Development Plan and Feasibility Studies
- Repairs to North Porch
- Repairs to the South Quire clerestory
- Liturgical Plan
- Access Audit
- Investigation and repairs to the Misericords
- Cathedral Green, Churchyard Wall – Planning Design and Access Statement for temporary removal of boundary wall (these works did not go ahead).
- Repairs to Cathedral monuments, including Prickett monument (South Nave aisle)
- Fire protection / management
- High level investigations within South Transept
- Proposals for cyclical retreatment and local repairs to Image Screen, West Front
- Chapter House sculptures and wall paintings
- Church House
- Proposals for plaques
- Tomb of John the Chanter (in the context of the proposal to remove the Ellacombe Chimes)
- Improvement works to Pearson Cloister doors (café doors)
- Stained glass
- Lime mortars

FAC supported the Cathedrals' Formal Application to the CFCE in December 2019 for proposed works to the Chapter House and the Chapel of the Holy Ghost, together with additional information sent to CFCE in March 2020 by the Cathedral Architect for the archaeological element of the proposed works.

During the course of the year the Archaeologist produced a range of reports for Chapter and the committee which have been sent to Library & Archives and/or Cathedral Friends as appropriate, including:- Excavation of Kalendarhay trench, Trenches outside the West Front, Archaeology of the floors at the East End of the Cathedral, Cloisters "Busy Person's Guide", Church House.

The Archaeologist also put forward items for discussion, which are on-going, such as Title to archaeological material and Archaeological archives.

Exeter Cathedral

Annual Report

For the year ended 31 December 2019



External visits:

The Dean, together with FAC member Nick Bury (Acting Chair), hosted an CFCE expert group visit on 12 August 2019. The main purpose of the visit was to seek support and guidance (not formal CFCE advice, which would be sought at a later stage) on Chapter's development goals, particularly the phasing in the context of the Misericords and East End windows. A secondary aim was to welcome the CFCE visitors' thoughts ahead of formal applications for approval of the first phase of works within the Cloister Garth, Chapter House and potentially Church House, depending on funding availability. Nine CFCE delegates attended, plus Rhiannon Rhys (Regional Inspector, Historic England), two other FAC members and the Cathedral Architect.

At the FAC meeting on 14 March 2019 the committee welcomed Rhiannon Rhys (Regional Inspector, Historic England) and Dickon Robinson, CFCE (private visit).

The FAC Chair, Geoff Rich, and FAC Secretary, Gwynneth Hermsen, attended the CFCE conference in Liverpool and Chester on 23/24 July 2019.

There were no changes to the membership of the committee during 2019

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.

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

As a result of the deed of covenant dated 7 May 1993, the company pays to the Chapter an annual sum equal to the company's taxable profit. The covenant payable to Dean and Chapter for the year 2019 was £233,672.

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.

During 2019, the Cathedral made a surplus of £612,208, including investment gains of £323,289, principally on the endowment and restricted funds. The surplus before investment gains of £288,919 represented by a surplus on restricted funds of £308,779 and an overall deficit of £19,860 on the funds within the discretion of Chapter (a deficit on the general fund of £42,550 and a surplus on designated funds of £22,690). The surplus on restricted funds is due to the funds transferred from Exeter Cathedral Preservation Trust for Library and Archives of £107,000 and £220,000 received towards the Chapter House project.

Whilst the overall financial position of the Cathedral has improved considerably during the year, the day to day operational funding continues to be very tight and Chapter continues to exercise close cost control and to explore new income generating activities. Since the year end, the Cathedral has had to respond to the challenges posed by the COVID-19 pandemic and to plan for the future. Against this backdrop, the Chapter are content with the financial position of the Cathedral.

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 Cathedral's reserves policy has been effective throughout the COVID-19 pandemic. Cash reserves have been called upon and the Finance Committee and Chapter have discussed with the investment manager realising equity investments to raise additional cash resources. To date that has not been required and cash reserves together with new grant funding received has been adequate to meet expenditure.

The Chapter consider the financial period end position of £10,388,682 (2018: £9,776,474) comprising £7,578,920 (2018: £7,362,436) of endowment funds, £1,165,244 (2018: £825,884) of restricted funds, £560,025 (2018: £537,335) of designated funds and £1,084,493 (2018: £1,050,819) 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 2019 totalled £611,820 (2018: £530,297).

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

Investments

At 31 December 2019, the Cathedral held investments of £2,965,184 of which £1,629,067 was held in an investment portfolio managed by Quilter Cheviot and £945,829 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 £2,277,643.

Investment policy

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

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

Investment objectives:

- The Cathedral seeks to produce the best financial return with an acceptable level of risk. The investment objective for the long-term reserves is to generate a return of at least 5% per annum in excess of inflation over a 5-7 year term to support the on-going activities of the Cathedral.
- The investment objective for the medium term reserves is the preservation of purchasing power and capital value.
- The investment objective for the short-term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

In order to meet these objectives, the Chapter has chosen Quilter Cheviot Investment Management, CCLA and Charles Stanley Stockbrokers as the Cathedral's professional fund managers.

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.

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

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

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

Approval and review

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


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

Risk management

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

The COVID-19 pandemic has tested the Chapter and its approach to risk management. Throughout much of 2020, Chapter has met weekly by video and, together with, the various sub-committees has worked effectively to respond to the challenges that COVID-19 has presented.

This annual report was approved by Chapter 22nd October 2020 and signed on its behalf by



The Very Reverend Jonathan Greener
Dean

Statement of the Responsibilities of Chapter

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

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

Independent Auditors report

Opinion

We have audited the financial statements of Exeter Cathedral for the year ended 31 December 2019 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 2019 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.

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:

Independent auditors' report to the Chapter

- 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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our audit report

This report is made solely to the Cathedral Chapter, as a body, in accordance with Section 27 of the Cathedrals Measure 1999. Our audit work has been undertaken so that we might state to the Cathedral Chapter those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Cathedral Chapter, as a body, for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre

Statutory Auditor

30th October 2020

10 Queen Street Place
London
EC4R 1AG

Exeter Cathedral



Consolidated statement of financial activities

For the year ended 31 December 2019

	Notes	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Income and endowments from:							
Donations and legacies		326,424	125,766	620,410	–	1,072,600	898,136
Grants in support of mission		–	33,000	614,189	–	647,189	370,815
Charges and fees arising in the course of Mission		32,202	–	–	–	32,202	34,107
Trading and Fundraising		1,513,862	14,167	17,437	–	1,545,466	1,539,734
Investments		165,703	–	27,109	–	192,812	179,482
Other income		19,191	–	–	–	19,191	2,943
Total income	4	2,057,382	172,933	1,279,145	–	3,509,460	3,025,217
Expenditure on:							
Raising funds		1,115,922	141,922	214,338	–	1,472,182	1,127,634
Ministry		433,689	8,321	418,209	–	860,219	908,113
Cathedral and precincts upkeep		469,438	–	277,900	–	747,338	893,443
Education and outreach		78,058	–	57,460	–	135,518	142,952
Community and congregation		2,825	–	2,459	–	5,284	6,957
Total expenditure	5	2,099,932	150,243	970,366	–	3,220,541	3,079,099
Net incoming/(outgoing) resources before investment gains		(42,550)	22,690	308,779	–	288,919	(53,882)
Unrealised (losses)/gains on investments		76,224	–	30,581	216,484	323,289	(116,508)
Realised gains/(losses) on investments		–	–	–	–	–	3,969
Gains on revaluation of investment property		–	–	–	–	–	125,000
Net (expenditure) /income		33,674	22,690	339,360	216,484	612,208	(41,421)
Other recognised gains		–	–	–	–	–	–
Gains on revaluation of fixed assets		–	–	–	–	–	–
Net movement in funds		33,674	22,690	339,360	216,484	612,208	(41,421)
Reconciliation of funds:		1,050,819	537,335	825,884	7,362,436	9,776,474	9,817,895
Funds brought forward		–	–	–	–	–	–
Funds carried forward		1,084,493	560,025	1,165,244	7,578,920	10,388,682	9,776,474

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

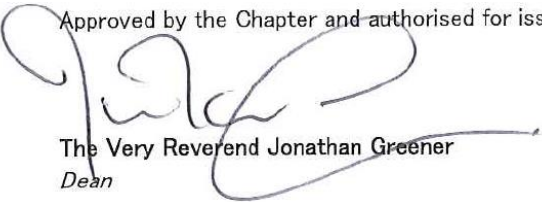


Consolidated Balance sheet

As at 31 December 2019

		Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Endowment Funds	Total 2019	Total 2018
Fixed assets	<i>Notes</i>	£	£	£	£	£	£
Investment assets							
Property	7	-	-	-	1,530,000	1,530,000	1,530,000
Investments	8	611,822	-	194,068	2,083,574	2,889,464	2,552,061
		<u>611,822</u>	<u>-</u>	<u>194,068</u>	<u>3,613,574</u>	4,419,464	<u>4,082,061</u>
Non-investment assets:							
Property for clergy, vicars & 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	84,117	-	419,903	-	504,020	564,101
		<u>84,117</u>	<u>-</u>	<u>419,903</u>	<u>3,931,000</u>	4,435,020	<u>4,495,101</u>
Total fixed assets		<u>695,939</u>	<u>-</u>	<u>613,971</u>	<u>7,544,574</u>	8,854,484	<u>8,577,162</u>
Current assets							
Stocks	13	68,519	-	-	-	68,519	81,499
Debtors	14	171,671	300	208,405	-	380,376	410,963
Cash at bank and in hand		476,797	559,725	384,175	34,346	1,455,043	1,049,300
		<u>716,987</u>	<u>560,025</u>	<u>592,580</u>	<u>34,346</u>	1,903,938	<u>1,541,762</u>
Liabilities due within one year	15	(328,433)	-	(41,307)	-	(369,740)	(342,450)
Net current assets		<u>388,554</u>	<u>560,025</u>	<u>551,273</u>	<u>34,346</u>	1,534,198	<u>1,199,312</u>
Net assets		<u>1,084,493</u>	<u>560,025</u>	<u>1,165,244</u>	<u>7,578,920</u>	10,388,682	<u>9,776,474</u>
Funds							
General fund	16	1,084,493	-	-	-	1,084,493	1,050,819
Designated funds	16	-	560,025	-	-	560,025	537,335
Restricted funds	17	-	-	1,165,244	-	1,165,244	825,884
Endowment funds	18	-	-	-	7,578,920	7,578,920	7,362,436
Total funds		<u>1,084,493</u>	<u>560,025</u>	<u>1,165,244</u>	<u>7,578,920</u>	10,388,682	<u>9,776,474</u>

Approved by the Chapter and authorised for issue on 22nd October 2020


The Very Reverend Jonathan Greener
Dean

Exeter Cathedral

Cathedral Balance sheet



As at 31 December 2019

	Notes	Unrestricted General Funds £	Unrestricted Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Fixed assets							
Investment assets							
Property	7	–	–	–	1,530,000	1,530,000	1,530,000
Investments	8	687,543	–	194,068	2,083,574	2,965,185	2,627,782
		<u>687,543</u>	<u>–</u>	<u>194,068</u>	<u>3,613,574</u>	4,495,185	4,157,782
Non-investment assets:							
Property for clergy, virgers & director of music	10	–	–	–	3,205,000	3,205,000	3,205,000
Property for Cathedral use (including library and archives)	11	–	–	–	726,000	726,000	726,000
Equipment and plant	12	–	–	419,903	–	419,903	447,500
		<u>–</u>	<u>–</u>	<u>419,903</u>	<u>3,931,000</u>	4,350,903	4,378,500
Total fixed assets		<u>687,543</u>	<u>–</u>	<u>613,971</u>	<u>7,544,574</u>	8,846,088	8,536,282
Current assets							
Stocks	13	2,375	–	–	–	2,375	2,375
Debtors	14	366,054	300	208,405	–	574,759	474,445
Cash at bank and in hand		156,756	559,725	384,175	34,346	1,135,002	833,253
		<u>525,185</u>	<u>560,025</u>	<u>592,580</u>	<u>34,346</u>	1,712,136	1,310,073
Liabilities due within one year	15	(208,336)	–	(41,307)	–	(249,643)	(182,468)
Net current assets		316,849	560,025	551,273	34,346	1,462,493	1,127,605
Net assets		<u>1,004,392</u>	<u>560,025</u>	<u>1,165,244</u>	<u>7,578,920</u>	10,308,581	9,663,887
Funds							
General fund	16	1,004,392	–	–	–	1,004,392	938,232
Designated funds	16	–	560,025	–	–	560,025	537,335
Restricted funds	17	–	–	1,165,244	–	1,165,244	825,884
Endowment funds	18	–	–	–	7,578,920	7,578,920	7,362,436
Total funds		<u>1,004,392</u>	<u>560,025</u>	<u>1,165,244</u>	<u>7,578,920</u>	10,308,581	9,663,887

Approved by the Chapter and authorised for issue on 22nd October 2020

The Very Reverend Jonathan Greener
Dean

For the year ended 31 December 2019

		2019	2018
	<i>Notes</i>	£	£
Cash flows from operating activities			
Net cash (outflow)/inflow from operating activities	<i>19</i>	233,399	(163,547)
Cash flows from investing activities			
Rents received net of costs		86,111	77,648
Investment income received net of costs		98,015	92,677
Purchase/sale of property, plant and equipment		2,331	(27,701)
Proceeds from sale of investments		191,255	46,482
Purchase of investments		(205,368)	(94,972)
		<hr/>	<hr/>
Net cash provided by investing activities		172,344	94,134
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		405,743	(69,413)
Cash and cash equivalents at the beginning of the reporting period	<i>19</i>	1,049,300	1,118,713
		<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period	<i>19</i>	1,455,043	1,049,300
		<hr/> <hr/>	<hr/> <hr/>

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. Action is being taken by Chapter to ensure that all financial commitments can be met when they fall due in the current economic circumstances as a result of the COVID-19 pandemic and specifically, 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 has been included in these financial statements on a receivable basis – Exeter Cathedral Preservation Trust, the Friends of Exeter Cathedral and Exeter Cathedral Music Foundation Trust. These trusts are independently administered.

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

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

1.2 Income recognition policies

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

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

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

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

1.3 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%

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.

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.

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 2019 £	Total 2018 £
<i>Notes</i>						
Income and endowments from:						
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
Total income	4 <u>2,048,243</u>	<u>8,260</u>	<u>968,714</u>	<u>–</u>	<u>3,025,217</u>	<u>3,075,162</u>
Expenditure on:						
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
Total expenditure	5 <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>
Net incoming/(outgoing) resources before investment gains	226	(13,344)	(40,764)	–	(53,882)	220,261
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	–
Net (expenditure)/income	<u>(38,869)</u>	<u>(13,344)</u>	<u>(43,254)</u>	<u>54,046</u>	<u>(41,421)</u>	432,461
Other recognised gains	–	–	–	–	–	–
Gains on revaluation of fixed assets	–	–	–	–	–	–
Net movement in funds	<u>(38,869)</u>	<u>(13,344)</u>	<u>(43,254)</u>	<u>54,046</u>	<u>(41,421)</u>	432,461
Reconciliation of funds:	1,089,688	550,679	869,138	7,308,390	9,817,895	9,385,434
Funds brought forward						
Funds carried forward at 31 December 2018	<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>

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:

	2019	2018
	£	£
Income	2,695,731	2,231,906
Deed of covenant from subsidiary	233,672	150,422
	2,929,403	2,382,328
Expenditure	(2,607,998)	(2,433,331)
Net gains on investments	323,289	12,461
Gains on revaluation of fixed assets	-	-
Net (expenditure)/income	644,694	(38,542)
Total funds brought forward	9,663,887	9,702,429
Total funds carried forward	10,308,581	9,663,887
Represented by:		
General funds	1,004,392	938,232
Designated funds	560,025	537,335
Restricted funds	1,165,244	825,884
Endowment funds	7,578,920	7,362,436
	10,308,581	9,663,887

4. Income and receipt of endowment from:

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2019	Total 2018
	£	£	£	£	£	£
Donations and legacies						
Congregational collections and giving	141,087	–	–	–	141,087	113,080
Donations	129,989	49,766	170,184	–	349,939	192,893
Tax recoverable under Gift Aid	55,348	–	8,583	–	63,931	50,806
Income from Friends and local trusts	–	–	441,643	–	441,643	489,081
Legacies	–	76,000	–	–	76,000	52,276
	<u>326,424</u>	<u>125,766</u>	<u>620,410</u>	<u>–</u>	<u>1,072,600</u>	<u>898,136</u>
Grants						
Church Commissioners	–	–	300,240	–	300,240	234,236
Church Care grants	–	–	–	–	–	–
Other revenue and capital grants	–	33,000	313,949	–	346,949	136,579
	<u>–</u>	<u>33,000</u>	<u>614,189</u>	<u>–</u>	<u>647,189</u>	<u>370,815</u>
Charges and fees arising in the course of the mission						
Facility and other fees	32,202	–	–	–	32,202	34,107
	<u>32,202</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>32,202</u>	<u>34,107</u>
Trading and fundraising						
Charges to visitors	455,435	–	–	–	455,435	404,858
Income from lettings of cathedral or other buildings	162,347	–	–	–	162,347	143,554
Other trading activities	896,080	14,167	17,437	–	927,684	991,322
	<u>1,513,862</u>	<u>14,167</u>	<u>17,437</u>	<u>–</u>	<u>1,545,466</u>	<u>1,539,734</u>
Investments						
Income from investment property	88,870	–	–	–	88,870	80,940
Income from other investments	76,107	–	27,109	–	103,216	94,888
Interest receivable on short term deposits	726	–	–	–	726	3,654
	<u>165,703</u>	<u>–</u>	<u>27,109</u>	<u>–</u>	<u>192,812</u>	<u>179,482</u>
Other incoming resources						
Other items	19,191	–	–	–	19,191	2,943
Total income	<u>2,057,382</u>	<u>172,933</u>	<u>1,279,145</u>	<u>–</u>	<u>3,509,460</u>	<u>3,025,217</u>

Exeter Cathedral

Notes

(forming part of the financial statements)



5. Expenditure on:

	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total 2019	Total 2018
Raising funds						
Costs of facilities for visitors	228,744	–	94,927	–	323,671	291,689
Costs of services directly recoverable	6,693	–	–	–	6,693	14,082
Other trading activities	724,119	–	–	–	724,119	711,414
General Marketing	40,706	–	116	–	40,822	–
Costs of fundraising	–	141,922	65,000	–	206,922	19,905
Investment property costs	2,759	–	–	–	2,759	3,292
Investment management costs	5,927	–	–	–	5,927	5,865
Allocation of support costs	106,974	–	54,295	–	161,269	81,387
	<u>1,115,922</u>	<u>141,922</u>	<u>214,338</u>	<u>–</u>	<u>1,472,182</u>	<u>1,127,634</u>
Ministry						
Clergy stipends and working expenses	23,263	–	135,441	–	158,704	120,722
Clergy housing costs	35,775	–	–	–	35,775	108,846
Clergy support costs	39,635	–	–	–	39,635	33,815
Cost of services	69,696	321	11,448	–	81,465	108,093
Cost of music (i)	166,119	8,000	233,778	–	407,897	379,295
Donations paid to Trust	–	–	21,104	–	21,104	840
Allocation of support costs	99,201	–	16,438	–	115,639	156,502
	<u>433,689</u>	<u>8,321</u>	<u>418,209</u>	<u>–</u>	<u>860,219</u>	<u>908,113</u>
Cathedral and precincts upkeep						
Works funded by trusts and others	59,984	–	126,061	–	186,045	277,347
Maintenance and interior upkeep	207,113	–	132,770	–	339,883	357,363
Cathedral insurance	61,849	–	–	–	61,849	58,668
Precincts, security & gardens upkeep	30,243	–	–	–	30,243	47,076
Allocation of support costs	110,249	–	19,069	–	129,318	152,989
	<u>469,438</u>	<u>–</u>	<u>277,900</u>	<u>–</u>	<u>747,338</u>	<u>893,443</u>
Education and outreach						
Educational activities	36,125	–	–	–	36,125	27,817
Library & archives	37,318	–	45,120	–	82,438	90,657
Other	–	–	–	–	–	–
Allocation of support costs	4,615	–	12,340	–	16,955	24,478
	<u>78,058</u>	<u>–</u>	<u>57,460</u>	<u>–</u>	<u>135,518</u>	<u>142,952</u>
Community						
	<u>2,825</u>	<u>–</u>	<u>2,459</u>	<u>–</u>	<u>5,284</u>	<u>6,957</u>
Total Expenditure	<u>2,099,932</u>	<u>150,243</u>	<u>970,366</u>	<u>–</u>	<u>3,220,541</u>	<u>3,079,099</u>
(i) Cost of music comprises the following:						
Directors' pay, accommodation and expenses					87,721	78,606
Choir					53,197	76,993
Music Outreach					16,044	11,542
Chorister scholarships, bursaries, expenses					140,674	134,908
Choral scholar's grants and accommodation					24,769	23,306
Instrument and equipment costs – including new piano part paid £22,500					46,600	12,504
Liturgy and music department					38,892	26,411
Marketing costs					–	15,025
					<u>407,897</u>	<u>379,295</u>

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 2019
	£	£	£	£	£	£
<i>Unrestricted funds:</i>						
The Cloisters premises costs	11,851	10,990	12,214	511	93	35,659
Compliance costs	17,125	15,880	17,649	739	133	51,526
Staff costs	18,695	17,337	19,267	807	146	56,252
Professional and consulting costs	13,417	12,442	13,828	579	105	40,371
Audit and accountancy fees	4,783	4,436	4,930	206	37	14,392
Printing, postage and stationery costs	4,238	3,930	4,368	183	33	12,752
Conference, subscriptions, travel and subsistence	4,413	4,092	4,548	190	34	13,277
Information technology costs	20,821	19,308	21,459	898	163	62,649
Bank charges	1,788	1,658	1,842	77	14	5,379
Cleaning costs	9,124	8,461	9,403	394	71	27,453
Operational and sundry costs	719	667	741	31	6	2,164
	<u>106,974</u>	<u>99,201</u>	<u>110,249</u>	<u>4,615</u>	<u>835</u>	<u>321,874</u>
<i>Restricted funds:</i>						
Staff costs	54,295	16,438	19,069	12,340	–	102,142
	<u>161,269</u>	<u>115,639</u>	<u>129,318</u>	<u>16,955</u>	<u>835</u>	<u>424,016</u>

Administration expenses of £424,016 (2018: £416,547) 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	–	–	–	1,530,000	1,530,000
Revaluation	–	–	–	–	–
At end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,530,000</u>	<u>1,530,000</u>

The above freehold properties were valued by Savills (L&P) Limited, Chartered Surveyors at open market value for existing use on 31 December 2019, or by Drew Pearce, Chartered Surveyors at open market value for existing use on 12 May 2016, or by Drew Pearce, Chartered Surveyors at open market value for existing use at 31 March 2014.

8. Investments

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total £
Group					
<i>Market value</i>					
At beginning of year	530,297	–	163,487	1,858,277	2,552,061
Additions	77,120	–	–	128,248	205,368
Disposals	(59,523)	–	–	(98,986)	(158,509)
Revaluation	63,928	–	30,581	196,035	290,544
At end of year	611,822	–	194,068	2,083,574	2,889,464

Cathedral					
<i>Market value</i>					
At beginning of year	606,018	–	163,487	1,858,277	2,627,782
Additions	77,120	–	–	128,248	205,368
Disposals	(59,523)	–	–	(98,986)	(158,509)
Revaluation	63,928	–	30,581	196,035	290,544
At end of year	687,543	–	194,068	2,083,574	2,965,185

	Listed Investments £	Unlisted Investments £	Total £
Group			
<i>Market value</i>			
At beginning of year	1,412,003	1,140,058	2,552,061
Additions	205,368	–	205,368
Disposals	(158,509)	–	(158,509)
Revaluation	170,206	120,338	290,544
At end of year	1,629,068	1,260,396	2,889,464

	Shares in subsidiary undertaking £	Listed Investments £	Unlisted Investments £	Total £
Cathedral				
<i>Market value</i>				
At beginning of year	75,721	1,412,003	1,140,058	2,627,782
Additions	–	205,368	–	205,368
Disposals	–	(158,509)	–	(158,509)
Revaluation	–	170,206	120,338	290,544
At end of year	75,721	1,629,068	1,260,396	2,965,185

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 2019 were audited and the audit report was unqualified.

A summary of the trading results are shown below:

	2019	2018
	£	£
<i>Turnover</i>	879,254	835,285
Cost of sales and administrative expenses	(678,502)	(687,904)
Interest receivable	434	162
Net profit	201,186	147,543
Covenant payable to Cathedral	(233,672)	(150,422)
Retained in subsidiary	(32,486)	(2,879)

The assets and liabilities of the subsidiary were:

	2019	2018
	£	£
Fixed assets	84,117	116,601
Current assets	436,927	338,589
Current liabilities	(365,222)	(266,882)
Total net assets	155,822	188,308
Aggregate share capital and reserves	155,822	188,308

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>	–	–	–	3,205,000	3,205,000
At beginning and end of year					

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 2019.

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

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

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

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 2019.

12. Equipment and plant

	£
Group	
<i>Cost</i>	
At beginning of year	909,448
Additions	2
Disposals	(4,000)
At end of year	905,450
<i>Depreciation</i>	
At beginning of year	345,347
Charge for year	58,417
Disposals	(2,334)
At end of year	401,430
<i>Net book value</i>	
At end of year	504,020
At beginning of year	564,101
Cathedral	
<i>Cost</i>	
At beginning and end of year	696,053
<i>Depreciation</i>	
At beginning of year	248,553
Charge for year	27,597
At end of year	276,150
<i>Net book value</i>	
At end of year	419,903
At beginning of year	447,500

13. Stocks

	Group 2019 £	2018 £	Cathedral 2019 £	2018 £
Building materials	2,375	2,375	2,375	2,375
Goods for release	66,144	79,124	–	–
	68,519	81,499	2,375	2,375

Exeter Cathedral

Notes

(forming part of the financial statements)



14. Debtors

	Group 2019 £	2018 £	Cathedral 2019 £	2018 £
Exeter Cathedral Enterprises Limited	–	–	244,809	106,900
Recoverable taxation	23,317	26,223	23,317	26,223
Other debtors	71,734	83,040	66,992	74,719
Prepayments and accrued income	193,928	151,793	156,368	129,675
VAT	8,124	12,979	–	–
Exeter Cathedral Preservation Trust	–	30,000	–	30,000
Friends of Exeter Cathedral	83,273	106,928	83,273	106,928
	380,376	410,963	574,759	474,445

15. Liabilities due within one year

	Group 2019 £	2018 £	Cathedral 2019 £	2018 £
Trade creditors	222,555	184,567	162,408	87,960
Planned Giving	–	8,241	–	8,241
Taxation & social security	23,438	22,686	21,271	21,297
Other creditors	8,137	5,306	8,137	5,306
Accruals and deferred income	105,804	117,039	48,021	55,053
Exeter Cathedral Music Foundation Trust	9,806	4,611	9,806	4,611
	369,740	342,450	249,643	182,468

16. Unrestricted and designated funds

	At beginning of year £	Income £	Expenditure £	Transfers £	Gains and losses £	At end of year £
Group						
Designated funds:						
Development Fund	537,014	164,933	(141,922)	–	–	560,025
Fine art	321	–	(321)	–	–	–
Harrington	–	8,000	(8,000)	–	–	–
Choristers Bursaries	–	–	–	–	–	–
	<u>537,335</u>	<u>172,933</u>	<u>(150,243)</u>	<u>–</u>	<u>–</u>	<u>560,025</u>
General fund	1,050,819	2,057,382	(2,099,932)	–	76,224	1,084,493
	<u>1,588,154</u>	<u>2,230,315</u>	<u>(2,250,175)</u>	<u>–</u>	<u>76,224</u>	<u>1,644,518</u>
Cathedral						
Designated funds						560,025
General Fund						1,004,392

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	Gains/(Losses)	At end of year
	£	£	£	£	£	£
Exeter Cathedral Music Foundation Trust	-	160,000	(160,000)	-	-	-
Friends of Exeter Cathedral	-	281,643	(281,643)	-	-	-
Church Care, Home Office and LPWS	-	-	-	-	-	-
Church Commissioners	-	300,240	(300,240)	-	-	-
Headley Trust	2,636	-	-	-	-	2,636
European Funding	-	86,859	(86,859)	-	-	-
- VISTA AR project	-	-	-	-	-	-
Chapter House project funding	-	220,000	-	-	-	220,000
Idlewild Trust monument repairs	-	4,090	(4,090)	-	-	-
Organ Fund	7,042	426	-	-	-	7,468
Library Fund	26,304	129,086	(19,859)	-	-	135,531
Fabric funds	114,014	5,971	-	-	28,007	147,992
Chorister Outreach Programme	38,500	10,695	(13,502)	-	-	35,693
Music funds	64,272	913	-	-	-	65,185
Walker Memorial	6,222	6,250	(8,376)	-	-	4,096
Liturgy/mission funds	34,442	490	-	-	2,574	37,506
Stubbs legacy	5,101	-	-	-	-	5,101
Audio Tour	4,618	-	(4,618)	-	-	-
Image Screen	2,973	-	(270)	-	-	2,703
Education donation	-	1,750	-	-	-	1,750
Chapter Discretionary Fund	5,766	-	-	-	-	5,766
Holy Ground	3,260	1,724	(5,423)	439	-	-
SOAR & Wednesday Café	7,111	3,076	(1,802)	-	-	8,385
Sundays @7	1,575	600	-	-	-	2,044
			(131)			
Visitor leaflets	781	3,452	(3,452)	-	-	781
Choir Tour Funds	976	-	-	-	-	976
Harrington Books/Cases	231	-	(231)	-	-	-
Nativity	2,008	1,316	-	-	-	3,324
Music legacy	42,623	-	-	-	-	42,623
Stonemasons Education Fund	1,728	-	(1,728)	-	-	-
USA Choir Tour fund	-	8,335	-	-	-	7,627
			(708)			
Donations & Legacies to ECMFT	-	21,104	(21,104)	-	-	-
Exeter Cathedral Choir Association	3,419	3,417	(1,833)	-	-	5,003
On Common Ground	439	-	-	(439)	-	-
Other funds	1,343	-	(1,343)	-	-	-
Vestments	1,000	-	(1,000)	-	-	-
Bell repairs	-	1,400	(1,400)	-	-	-
Piano fund	-	22,500	(22,500)	-	-	-
Guide Books	-	2,500	-	-	-	2,500
Cath, Comm. Discretionary fund	-	1,308	-	-	-	651
			(657)			
Capital funds						
Library Capital Fund	447,500	-	(27,597)	-	-	419,903
	<u>825,884</u>	<u>1,279,145</u>	<u>(970,366)</u>	<u>-</u>	<u>30,581</u>	<u>1,165,244</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.

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.

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)

Exeter Cathedral

Notes

(forming part of the financial statements)



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.

18. Endowment fund – Group and Cathedral

	£
At beginning of year	7,362,436
Realised gains on disposal of investments	–
Unrealised losses on investments	216,484
Gains on revaluation of investment property	–
At end of year	7,578,920

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

	2019	2018
	£	£
Net (outgoing)/incoming resources before investment gains	288,919	(53,882)
<i>Adjustments for:</i>		
Depreciation charges	57,749	60,309
Income from property and investments	(192,812)	(179,482)
Property management costs, rental collection fees and investment management costs	8,686	9,157
Increase in stocks	12,980	(8,837)
(Increase)/decrease in debtors	30,587	52,487
Increase/(decrease) in creditors	27,290	(43,299)
Net cash (used)/generated by in operating activities	233,399	(163,547)

Analysis of cash and cash equivalents:

	2019	2018
	£	£
Cash in hand	3,464	3,611
Cash at bank	1,451,579	1,045,689
Total cash and cash equivalents	1,455,043	1,049,300

20. Staff and Clergy numbers and costs

The average number (full time equivalents) of employees and clergy during the year was 46 (2018: 56). Part time staff are included on the basis of full time equivalents. This number is divided as follows: clergy 3 (2018: 4), music and ministry 8 (2018: 10), upkeep 10 (2018: 12), administration 4 (2018: 6), fundraising 2 (2018: 1), visitors 12 (2018: 13), education 1 (2018: 1), Exeter Cathedral Enterprises Limited 6 (2018: 9). The total average number of employees during the year was 70 (2018: 68).

The cost of these staff was as follows:

	2019	2018
	£	£
Salaries and stipends	1,060,399	1,086,569
Termination Payments	–	–
Employer's national insurance	66,459	67,745
Employer's pension costs	28,807	36,094
	<u>1,155,665</u>	<u>1,190,408</u>

One 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 £253,327 (2018: £175,316).

22. Auditors remuneration

	Group	2018	Cathedral	2018
	2019		2019	
	£	£	£	£
Audit services	19,342	16,950	14,392	12,950
Other services	–	600	–	350
	<u>19,342</u>	<u>17,550</u>	<u>14,392</u>	<u>13,300</u>

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 2019 £	Exeter Cathedral Music Foundation Trust 31 December 2019 £	Exeter Cathedral Preservation Trust 31 March 2020 £
Income and expenditure			
Gross income	1,186,678	344,796	25,085
Net movement in funds before payments to Cathedral	2,165,894	3,333	(697,689)
Amount payable to Cathedral	(281,643)	(160,000)	(107,000)
Net movement in funds after payments to Cathedral	1,884,251	(156,667)	(804,689)
Balance sheet			
Tangible assets	514	–	–
Investments	8,189,328	5,780,583	–
Current assets	295,879	241,524	–
Creditors due within one year	(124,159)	(9,101)	–
	<u>8,361,562</u>	<u>6,013,006</u>	<u>–</u>

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.

The Trustees of Exeter Cathedral Preservation Trust agreed to wind up the Trust in 2019, a payment of £107,000 was transferred to the Dean & Chapter in November 2019. The remaining funds were transferred to connected organisations.

24. Remuneration of members of Chapter

	Remuneration £	Pension contribution £
The Very Reverend JFD Greener	39,723	12,050
The Reverend Canon Mustard	31,154	9,640
The Reverend Canon Palmer	30,890	9,640
The Reverend Canon Dr Michael Williams	2,853	–
	<u>104,620</u>	<u>£31,330</u>

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 7 (2018: 8) members of Chapter totalling £7,885 (2018: £5,637).

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 2018	January 2019 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.

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 £6,263 (2018: £3,290) 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 £ 19,463 (2018: £14,952) and there were no outstanding or prepaid contributions at the balance sheet date.

26. The Cathedral, its ancillary buildings and inventory

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

27. Heritage Assets

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

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

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

28. Operating leases financial commitments – Group and Cathedral

At 31 December 2019, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019	2018
	£	£
<i>Other operating leases</i>		
Within one year of the balance sheet date	4,654	4,371
In the second of fifth years inclusive of the balance sheet date	8,508	12,638
Over 5 year of the Balance Sheet date	–	121
	13,162	17,130

29. Other financial commitments – Group and Cathedral

	2019	2018
	£	£
Expenditure contracted for but not provided in the financial statements	92,891	54,915

30. Post Balance Sheet Event

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus upon visitors to the Cathedral and the ability to undertake services, the Chapter has reviewed its cash flow forecasts and considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the cash flow impact of operations 12 months from the date of signing this report.