

# ST PAUL'S CATHEDRAL

REPORT AND CONSOLIDATED ACCOUNTS OF THE

CORPORATION OF THE CATHEDRAL CHURCH OF ST PAUL IN LONDON (ST PAUL'S  
CATHEDRAL)

FOR THE YEAR ENDED

31 DECEMBER 2015

# ST PAUL'S CATHEDRAL

## Report and Consolidated Accounts

For the year ended 31 December 2015

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# ST PAUL'S CATHEDRAL

## **Our Vision**

- St Paul's Cathedral seeks to enable people in all their diversity to encounter the transforming presence of God in Jesus Christ.
- As a community of worshippers, staff and volunteers we work with care and imagination to be a centre for welcome, worship and learning which inspires successive generations to engage with the richness of the Christian faith and its heritage.
- We aim to do this with confidence, compassion and creativity, promoting dignity and justice for everyone.
- We work with the Bishop and Diocese of London and the wider church, as a spiritual focus for London, the nation and the world.

## **Our Values**

- Love, joy, peace, patience, kindness, generosity, faithfulness, gentleness and self-control.
- To uphold integrity, honesty and openness in what we do.
- To aim for the highest possible standards in everything we do, acknowledging that we cannot do everything.
- To make our operations as just and as sustainable as we can.
- To foster and encourage diversity, being inclusive and challenging to ourselves as well as others.

# ST PAUL'S CATHEDRAL

## Dean's Report 2015

During 2015 St Paul's continued to pursue its strategic objectives in different areas of the Cathedral's life.

The key objective of improving welcome was a particular theme of the year, aiming to enhance the visitor experience and encourage people to visit the Cathedral for worship and heritage. Our objective of building a permanent ramp for disabled access received a boost in September through the first instalment of a half-million pound grant from the Order of the British Empire (OBE) towards that project, enabling planning work to begin and encouraging further fundraising. The Cathedral participated in a Disability Access Day and commissioned its first wheelchair-bound altar server, addressing the targets of both accessibility and diversity. Further diversity work included a Street Art project in the summer and drama involving young people on the Cathedral floor, both organised through the Schools and Families Department. A woman incumbent was recruited as Chaplain and the Cathedral's eighth priest at the end of the year, giving an equal number of female and male priests at St Paul's. Grants were secured from the OBE to support music outreach work in East End schools, bringing a wide range of children into the Cathedral to be inspired by choral and organ music as well as using it for education more broadly: over 30,000 children and young people came during the year. A new multi-media audio-guide was produced in the summer, involving many staff, worshippers and members of Chapter. This has been very well reviewed, and its content has included more on the Christian faith accessible to different ages. A donor with an interest in mosaics funded the production of a book explaining the mosaics to visitors, paving the way for a project with the Google Cultural Institute to photograph and publish them on their website, enabling access from across the world to these treasures and pursuing our objective to use our collections 'to engage, educate and inspire'.

The varied programme of services and events continued – over a million regular worshippers and visitors who came to worship or to glimpse the Cathedral without paying the entry fee. The Liturgical Department was re-organised with the Precentor taking more direct responsibility for worship. There were five major services with Royal attendance during the year - the Afghanistan campaign commemoration, Waterloo's 200<sup>th</sup>, the 10<sup>th</sup> anniversary of the 7/7 London bombings, the 75<sup>th</sup> anniversary of the Battle of Britain and of the Bomb Disposal service - as well as the continued round of four services each weekday and five on Sundays. The St Paul's Institute and Adult Learning Department (formerly Forum) continued their imaginative programme of talks, seminars, and spiritual and theological input in partnership with external organisations from City Sikhs to Capital Mass (a Church Urban Fund and Diocese of London initiative), on topics from climate change to Post-Capitalism, humanity, poetry and the Gospels.

The music of the Cathedral continued to draw people in, as well as taking the choristers out three times during the year to sing in deanery locations around London. The Friends made a grant to support the singing of the St Matthew Passion. The choir then went on tour in the United States in April, singing in eight venues over two and a half weeks to full houses. A Christmas CD was produced which did very well in the classical charts in the run-up to Christmas.

The recruitment, towards the end of the year of a chaplain, has enabled the Canon Pastor to spend more time on outward-facing pastoral and mission engagement. She has worked with our Press Officer on further development of social media and internal communications, and with members of Chapter to review the website to make it more mission-focused. A new training officer was appointed in order to provide more consistent support for staff. Part of her role was to organise security training, and in the aftermath of the terrorist attacks in Paris security staff were employed to search bags and reassure visitors and staff: we anticipate that this will continue in 2016. There was also a pilot course in welcome training for staff and volunteers, with the aim of developing this further in 2016. The Development Department's Director resigned towards the end of the year, leading the way to a review and evolution of the Department in 2016, including working with the St Paul's Cathedral Trust in America on their future.

The School had another good year with full classes and long waiting lists, and made a reasonable surplus. Some of this was spent on pursuing planning permission for a new-build boarding house on the site to comply with modern boarding regulations in a location which is far busier and noisier now at weekends and evenings than in the 1960s.

The Cathedral's finances remained vulnerable to the heavy reliance on paying visitor income. This did not drop as much as had been expected with lower visitor numbers, as our decision to curtail some discounts resulted in higher spend per head. The decision was made to freeze entry fees for 2016, recognising that weakness in the European economies and insecurity in America meant that more visitors were coming to look but not pay. Our pension fund obligations continued to be significant and absorb funds that might otherwise have been used for maintenance and repair. The Quinquennial Survey was issued in summary form early in the year and a more detailed schedule of works was in preparation during 2015. This is highlighting some significant costs for the future including boiler and sound system replacement as well as work on the roofs.

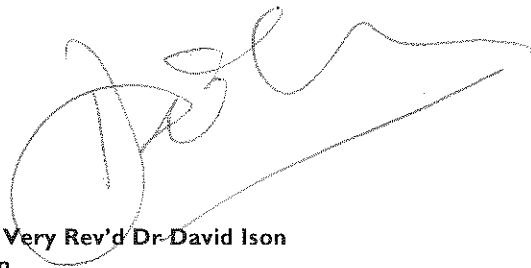
Work on radically refurbishing the Chapter House was completed in May, and staff moved back into a much more suitable building, from the basements, porta-cabins and rented office space where they had been based. Communication and morale was noticeably improved as a result, and the IT department worked hard to deliver improvements in facilities. The next phase of the strategic plan - to refurbish the Crypt shop, toilets and staff spaces - had been planned from 2014 and preparatory works began in November. The initial cost of these works, to December, was included in the 2015 accounts.

# ST PAUL'S CATHEDRAL

## Dean's Report - continued

The introduction of a different roster system for stewards in May, after lengthy consultation, required review and revision later in the year and more use of agency staff. Working through pay anomalies in the Works Department following building cost inflation and the effect of paying the London Living Wage also had a small impact on staff costs.

With the appointment of a new Registrar from the end of September, work was done on income generation and developing a sustainable budget for the future. The target of enhancing income from a range of sources to reduce our dependence on entrance charges remains challenging. It was also recognised that the Crypt work would, like the Chapter House, have to be principally funded from reserves, with the aim of increasing shop sales and revenue from corporate events over the long term, as well as providing more attractive facilities for paying visitors. The legacy of £1 million received by the Foundation at the end of 2015 will provide cash for that project and avoid the need to liquidate investments. The project to take ticketing outside the Cathedral was deferred until current projects have been completed and resources allow.



**The Very Rev'd Dr David Ison**  
Dean

**22<sup>nd</sup> September 2016**

# ST PAUL'S CATHEDRAL

## St Paul's Cathedral Directory

### The Corporation of the Cathedral Church of St Paul in London (St Paul's Cathedral)

The legal entity of the Cathedral is the Corporation of the Cathedral Church of St Paul's. The constitution of the Cathedral provides that the members of the Chapter, the Council and the College of Canons shall be a body corporate with perpetual succession and a common seal.

**Address:** London EC4M 8AD

**Charity taxation number:** X7067

There is no Charities registration as the Cathedral is regulated by the Church Commissioners.

### Chapter

The Very Revd Dr David Ison, Dean  
The Revd Canon Philippa Boardman, Treasurer  
The Revd Canon Michael Hampel, Precentor  
The Revd Canon Tricia Hillas, Pastor  
The Revd Canon Mark Oakley, Chancellor  
Mrs Pim Baxter, Lay Canon  
Mr Gavin Ralston, Lay Canon

### Cathedral Council

Lord Wilson of Tillyorn, Chair (to 16 <sup>th</sup> July 2015)	Sir David Brewer Chair (from 16 <sup>th</sup> July 2015)
The Very Revd Dr David Ison, Dean	The Revd Canon Mark Oakley, Chancellor
The Revd Canon Tricia Hillas, Pastor	The Revd Canon Philippa Boardman, Treasurer
The Revd Canon Michael Hampel, Precentor	Lay Canon Gavin Ralston
Mr Christopher Allen	Mr Stephen Timms MP (from 11 <sup>th</sup> February 2016)
Mr Andy Brookes (to 12 <sup>th</sup> February 2015)	Mr Richard Gough (from 26 <sup>th</sup> November 2015)
Mr Bernard Donoghue	Mr Paul Gray (from 26 <sup>th</sup> November 2015)
The Rt Hon Bernard Jenkin MP (to 26 <sup>th</sup> November 2015)	Mrs Catherine McGuinness
Ms Kathryn McDowell CBE	The Revd Prebendary David Holding
The Revd Prebendary Guy Pope	Dr Simon Thurley CBE (to 16 <sup>th</sup> July 2015)
Mr Ian Woodall	Mr James de Sausmarez

# ST PAUL'S CATHEDRAL

## St Paul's Cathedral Directory - continued

### College of Canons

#### Chapter

The Very Revd Dr David Ison, Dean  
The Revd Canon Philippa Boardman, Treasurer  
The Revd Canon Michael Hampel, Precentor  
The Revd Canon Tricia Hillas, Pastor  
The Revd Canon Mark Oakley, Chancellor  
Mrs Pim Baxter, Lay Canon  
Mr Gavin Ralston, Lay Canon

### Area Bishops and Archdeacons

The Bishop of Stepney	The Rt Revd Adrian Newman
The Bishop of Kensington	The Rt Revd Paul Williams (to 12 <sup>th</sup> May 2015)
	The Rt Revd Graham Tomlin (from 6 <sup>th</sup> October 2015)
The Bishop of Edmonton	The Rt Revd Robert Wickham (from 6 <sup>th</sup> October 2015)
The Bishop of Willesden	The Rt Revd Peter Broadbent
The Bishop of Islington (Suffragan)	The Rt Revd Richard Thorpe (from 6 <sup>th</sup> October 2015)
The Bishop of Fulham (Suffragan)	The Rt Revd Jonathan Baker
The Archdeacon of Hampstead	The Ven Luke Miller (to 31 <sup>st</sup> July 2015)
	The Ven John Hawkins (from 5 <sup>th</sup> October 2015)
The Archdeacon of Middlesex	The Ven Stephan Walsh
The Archdeacon of Northolt	The Ven Duncan Green
The Archdeacon of Hackney	The Ven Rachel Treweek (to 15 <sup>th</sup> June 2015)
	The Ven Elizabeth Adekunle (from 3 <sup>rd</sup> May 2016)
The Archdeacon of London	The Ven Nicholas Mercer (from 1 <sup>st</sup> March 2015 to 31 <sup>st</sup> December 2015)
	The Ven Luke Miller (from 3 <sup>rd</sup> May 2016)
Associate Archdeacon of London	The Ven Rosemary Lain-Priestley (from 3 <sup>rd</sup> May 2016)

### Prebendaries

The Revd Prebendary Rosemia Brown  
The Revd Prebendary John Brownsell  
The Revd Prebendary David Coleman (to 31<sup>st</sup> January 2016)  
The Revd Prebendary John Coles  
The Revd Prebendary Stephen Coles  
The Revd Prebendary Gillean Craig (from 6<sup>th</sup> March 2016)  
The Revd Prebendary Jeremy Crossley  
The Revd Prebendary Andrew Davis  
The Revd Prebendary Dr Karowei Dorgu (from 6<sup>th</sup> March 2016)  
The Revd Prebendary Irena Edgcumbe (from 6<sup>th</sup> March 2016)  
The Revd Prebendary Peter Elvy  
The Revd Prebendary Olwen Field  
The Revd Prebendary Alan Green  
The Revd Prebendary Stephen Green  
The Revd Prebendary John Hawkins (to 5<sup>th</sup> October 2015, on appointment to Archdeanery of Hampstead)  
The Revd Prebendary David Houlding  
The Revd Prebendary Rose Hudson-Wilkin  
The Revd Prebendary Dr Brian Leathard  
The Revd Prebendary Nicholas Lee (from 6<sup>th</sup> March 2016)  
The Revd Prebendary Charles Marnham  
The Revd Prebendary Mark Melluish  
The Revd Prebendary Nick Mercer  
The Revd Prebendary Hugh Moore  
The Revd Prebendary Michael Moorhead  
The Revd Prebendary Alan Moses  
The Revd Prebendary Jonathan Osborne  
The Revd Prebendary Clive Pearce (deceased 26<sup>th</sup> March 2016)  
The Revd Prebendary Roy Pearson  
The Revd Prebendary Guy Pope  
The Revd Prebendary Tunde Roberts  
The Revd Prebendary Graeme Rowlands (from 25<sup>th</sup> February 2016)  
The Revd Prebendary Jonathan Trigg

# ST PAUL'S CATHEDRAL

## St Paul's Cathedral Directory- continued

### Administration

#### Registrar

Nicholas Cottam CB OBE – resigned 30<sup>th</sup> September 2015  
Emma Davies – appointed 1<sup>st</sup> October 2015

#### Chapter Finance Committee

The Revd Canon Philippa Boardman MBE, Canon Treasurer (Chair)  
Nicholas Cottam CB OBE – resigned 30<sup>th</sup> September 2015  
Emma Davies – appointed 1<sup>st</sup> October 2015  
The Very Revd Dr David Ison, Dean  
Mr Martin Pennington FCCA, Head of Finance – resigned 17<sup>th</sup> May 2016  
Helen Platts ACA, Head of Finance – appointed 18<sup>th</sup> May 2016  
Mr Gavin Ralston, Lay Canon (Finance)  
Mr Graham Ward CBE MA FCA, Financial Adviser  
Mr Robert Ward, Financial Adviser

#### Fabric Advisory Committee

Appointed by Chapter:  
Mr William Corbett – resigned 23<sup>rd</sup> February 2016  
Mr Martin Drury  
Mr John Neale  
Professor Andrew Saint – resigned 8<sup>th</sup> September 2015  
Miss Virginia Tandy – appointed 8<sup>th</sup> September 2015  
Mr Rory Young

Appointed by the Cathedrals Fabric Commission for England:  
Mr Ashley Barker – resigned 12<sup>th</sup> May 2015  
Mr Chris Cowper  
Dr Derek Keene  
Mr Sandy Nairne (Chair)  
Mr Paul Williams

There is an open invitation to the Dean, Canon Treasurer and Surveyor of the Fabric to attend the Fabric Advisory Committee.

### Trust Bodies

St Paul's Cathedral Foundation

St Paul's Cathedral Chorister Trust

City of London Endowment Trust for St Paul's Cathedral

Garfield Weston Trust for St Paul's Cathedral

St Paul's Cathedral (1972) Pension and Life Assurance Scheme

St Paul's Cathedral Trust in America

These bodies provide support for the Cathedral but are not consolidated in the Cathedral's annual accounts as they are organisations separate from the Cathedral, each with their own independent governance arrangements.



# ST PAUL'S CATHEDRAL

## St Paul's Cathedral Directory - continued

### Other Bodies

Chapter has established the following bodies to advise on management issues and bring recommendations to Chapter (committees and bodies marked \* include a majority of independent members/experts):

#### Finance

Investment Advisory Committee\*  
Remuneration Committee\*

#### Liturgy and Music

Liturgy & Music Planning and Review  
Festivals Planning and Review (Christmas and Easter)

#### Fabric

Visual Arts Policy & Planning Committee\*  
Programme Board  
Project Boards  
Collections Management Committee  
Fabric and Works Committee  
Health and Safety Committee

#### Information Technology

IT Group\*

#### Discussion Forums

Staff Committee  
Volunteers Team Leaders' Meeting

#### Access

Accessibility Group\*

#### Marketing

St Paul's Enterprises Board\*

#### Education

Institute Advisory Board\*

#### Cathedral School Governing Body\*

### EXTERNAL ADVISERS

#### Bankers

Lloyds Bank plc  
PO Box 18436  
2<sup>nd</sup> Floor  
25 Gresham Street  
London EC2V 7HN

#### Pension Actuary

Mr Richard Soldan  
Lane Clarke & Peacock LLP  
93 Wigmore Street  
London W1U 1DQ

#### Chartered Accountants and Statutory Auditor

Deloitte LLP  
2 New Street Square  
London EC4A 3B2

#### Property Consultant

Strutt & Parker  
Coval Hall  
Chelmsford  
Essex CMI 2QF

#### Insurers

Ecclesiastical Insurance Office plc  
Beaufort House  
Brunswick Road  
Gloucester GL1 1JZ

#### Solicitor

Mr Owen Carew-Jones  
Winckworth Sherwood  
Minerva House  
5 Montague Close  
London SE1 9BB

#### Investment Manager

CCLA Investment Management Limited  
Senator House  
85 Queen Victoria Street  
London EC4V 4ET

#### Surveyor to the Fabric

Mr Oliver Caroe  
Caroe Architecture Ltd  
Office 5 Unit 8  
23-25 Gwydir Street  
Cambridge CB1 2LG

# ST PAUL'S CATHEDRAL

## The Report of Chapter as Trustees of St Paul's Cathedral

### History and Background

For more than 1400 years a Cathedral dedicated to St Paul has stood on the highest point in the City of London. The Cathedral has since been built and rebuilt five times and the existing Cathedral building was completed by Christopher Wren in 1712, following destruction of the previous Cathedral building by the Great Fire of London. The role of the Cathedral is the seat of the Bishop of London and a centre for worship and mission.

### Governing Document

St Paul's Cathedral has been governed according to several Constitutions during its long history, all drawn up according to law and subject to the Sovereigns of this Realm. The Constitution and Statutes established for, and applying to, St Paul's Cathedral were made under the Cathedrals Measure 1999 by Order in Council dated 13 April 2000 and were recently amended on 1<sup>st</sup> February 2016. The effect of this recent change on the accounts is minimal.

### Statement of Aims

The aims of the Cathedral are described in our Strategic Plan for 2013- 2018. These are grouped into four main themes, each one of which is led by a member of Chapter, and which involves teams of people from across the Cathedral:

- Welcome, Worship and Events
- Theology, Education and Outreach
- Fabric, Finance, IT and Interpretation
- Training, Communications and Fundraising.

Four Chapter Sub-Committees, reflecting these strategic aims, met during the year to contribute to achieving the Cathedral's high level priorities. These Sub-Committees report to and make recommendations to Chapter.

The Cathedral's current focus is on improving our welcome and the visitor experience, improving access, upgrading the facilities in the Crypt, developing our education and outreach work, and strengthening our financial position, through the development of a clear plan for the repair and refurbishment of the Cathedral's fabric, along with concerted fundraising activities to support this.

### Achievements and Performance

The Dean's Report on pages 4 and 5, which forms part of this report, sets out the Cathedral's achievements and performance during the year.

### Structure, Governance and Management

The governing body of the Corporation is the Chapter who meet on average ten times per annum. From time to time, Chapter invite key personnel and department heads to those meetings to review proposals or recommendations put forward for authorisation. During the year Chapter also made eight visits to departments around the Cathedral.

The Cathedral Council furthers and supports the work of the Cathedral – spiritual, pastoral, evangelistic, missionary, social and ecumenical - and reviews and advises upon the direction and oversight of that work by Chapter. The Bishop of London, Chapter and College of Canons have responsibilities for appointing a specific number of members. Although the Bishop of London is not a member, he has the right to attend and speak at Council meetings. The Council met three times in 2015 and received the annual report and audited accounts for 2014 and the annual budget for 2016.

The College of Canons deals with the election of the Bishop and advises the Bishop when requested. It also receives and considers the annual report and audited accounts, as well as discussing other matters raised by the members. The College of Canons met twice, first for St Paul's tide, and then for its annual general meeting in May to receive the annual report and accounts for 2014.

The Minor Canons are assistant stipendiary clergy at the Cathedral, normally three in number. They have no governance role and assist the Chapter with the liturgical and pastoral work of St Paul's.

The Fabric Advisory Committee members are appointed five by Chapter, and five by the Cathedrals Fabric Commission for England. It meets four times each year giving broad advice on all fabric project proposals.

The Finance Committee is appointed by Chapter to advise Chapter in connection with its responsibilities in the field of financial and investment management. It meets at least six times each year reviewing the management accounts, budgets and three year plans, the statutory accounts, risk management, financial and investment strategy and any other relevant reports.

# ST PAUL'S CATHEDRAL

## The Report of Chapter as Trustees of St Paul's Cathedral - continued

The liturgical and musical life of the Cathedral Church is the responsibility of the Precentor on behalf of Chapter.

The Cathedral School was created for the education of boy choristers, but has accepted day pupils and girls for many years. It is wholly owned by the Chapter who are its Trustees, and who have delegated its running to a Board of Governors with a majority of external lay governors. The Board of Governors' management document agreement is described as an 'Instrument of Delegation' dated January 2005 and is cancellable.

The Registrar is the senior administrative officer assisting Chapter in their executive responsibilities and is appointed by Chapter. The remuneration for this post is decided by Chapter, taking into account the responsibilities of the role and also market factors. Chapter also agrees the annual pay award for all Cathedral employees to take account of cost of living increases.

### Financial Review

London is an important international tourist destination attracting 17 million tourist and business visitors each year. St Paul's plays a significant role as one of the leading London attractions and continues to be highly dependent on income from visitors to support its mission. The number of paying visitors for 2015 was 686,000 – a reduction from 751,000 in 2014.

In spite of this, across the whole range of the Cathedral's activities, net assets increased by £3.31 million from £25.02 million to £28.33 million over the course of the year.

This increase mainly arose from net income before investment gains of £2.22 million (2014 - £1.52 million). In addition the investment portfolio provided a revaluation surplus of £0.62 million (2014 - £1.39 million) as included in note 15, and actuarial gains on the closed defined scheme were £0.47 million (2014 - £1.76 million losses).

Gross income for the year was £17.02 million, compared to £18.45 million in 2014. The major source of gross income came from commercial activities which include the admission charges, the crypt shop and event income. This income reduced by 3% from a level of £9.78 million in 2014 to £9.46 million. The gross income from charges and fees arising in the course of the Cathedral's mission was £4.22 million (2014 - £3.88 million). Grants receivable for the Cathedral were £2.09 million (2014 - £2.62 million) which included £0.65 million in respect of the Chapter House refurbishment and a grant by the Foundation of £1.01 million from a legacy receipt. Revenue from donations and legacies was £0.84 million (2014 - £0.88 million), whilst income from the investment and property portfolios was £0.41 million for the year (2014 - £0.39 million) as included in note 4. Total expenditure in the year was £14.80 million (2014 - £16.93 million).

The Cathedral holds £14.32 million in investment units (2014 - £13.75 million) and £2.34 million (2014 - £2.20 million) in cash deposits managed by CCLA Investment Management as included in note 7 and invested in CBF Church of England funds. In spite of the volatility and changes in the financial markets, the long term performance of the CBF investment units continues to be above average. CCLA operates an effective ethical investment policy and also ensures that cash deposits retain their AAA rating. Cash flow was carefully managed and the overall net cash balances, including the £2.34 million in cash deposits managed by CCLA, was £5.06 million at the end of the year (2014 - £4.15 million).

The defined benefit pension scheme, closed to new members and service accrual, was replaced by a defined contribution scheme in 2007. The updated actuarial valuation as at 1 October 2014 disclosed a net deficit of £3.10 million and, by agreement with trustees, annual deficit payments of £0.66 million continue to be paid into the scheme. Under the FRS102 valuation the net asset value of the scheme at 31 December 2015 was £1.79 million. This was not recognised in the balance sheet as the Trust Deed contains restrictions that state this is not refundable to the employer and the scheme specific valuation currently shows a deficit.

The Cathedral remains committed to the discipline that projects should not commence until irrevocable funding is in place. Work therefore continued to secure funding for key Strategic Plan projects including the North Transept accessibility ramp, the Stone Gallery and the Library projects.

### Free Reserves Policy

The reserves policy agreed by Chapter reflects its responsibility for the financial security of the organisation and aims to accumulate an adequate level of funds to finance short term reductions in income caused by unexpected events, for example terrorism or an economic downturn. It has been agreed that the reserves target is to be equivalent to eight months' operating expenditure. The current target for available 'free' reserves is therefore around £7 million.

# ST PAUL'S CATHEDRAL

## The Report of Chapter as Trustees of St Paul's Cathedral – continued

The available 'free' reserves are the net assets of the Cathedral less:

- the assets of the Cathedral which, because of their heritage, for example Tillingham valued at £7.85 million, are not considered to be available for distribution or for use as working capital except in extreme circumstances
- restricted, designated and endowment funds as disclosed in the statutory accounts totaling £11.16 million.

By this definition, at the end of 2015 the available 'free' reserves of the Cathedral were £9.3 million (2014 - £9.6 million). This has enabled Chapter during 2016 to create an additional designated reserve of £2.5 million to fund specific projects and still operate within its agreed reserves policy. It has been agreed that the designated reserve will be used to fund projects where a business case can be made showing that income or savings will be generated over a defined period of time, which can then be used to replenish the designated fund.

### Investment Powers, Policy and Performance

Under the Cathedrals Measure 1999, the Chapter may invest the Cathedral's funds in any of the following:

- land;
- funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Limited;
- investments in which trustees may invest under the general powers of investment in the Trustee Act 2000; and
- the improvement or development of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself nor its auxiliary buildings.

The consolidated Cathedral statements show £24.51 million (2014 - £23.75 million) of investment assets of which £14.32 million (2014 - £13.75 million) is held in investment units in the CBF investment fund, £2.34 million (2014 - £2.20 million) in CBF cash deposits managed by CCLA, and £7.85 million (2014 - £7.80 million) in property investments. Chapter seeks to produce the best financial return within an acceptable level of risk whilst complying with the guidance of the Church of England ethical investment advisory group. It also seeks to reduce investment manager risk by engaging more than one investment manager. This review resulted in a change in early 2016 to Ruffer managing approximately 20% of investment assets.

The property investments are located in Tillingham, Essex and consist of properties and agricultural land part of which have been in Cathedral ownership for around 1400 years.

The cash balances are held for specific potential projects and also as part of Chapter's reserves policy where the need for setting aside reserves is backed in part by the security of immediate AAA cash deposits.

The Investment Advisory Group guides the Cathedral through the measurement of performance and policy formulation and meets investment managers at least once per annum. The CCLA investment fund returns for 2015 were 6.1% against a comparator of 2.6% (2014 - 10.2% against a comparator of 5.8%) and CCLA continued to achieve above average performances.

### Sustainability

In August 2014 the Cathedral formed a Sustainability Project Group. The remit of the group is to propose initiatives to improve the Cathedral's sustainability in environmental, social and economic terms, much of which is about equipping and informing individuals and departments and influencing behaviour. The group has written a Sustainability Policy which refreshes, broadens and replaces the Cathedral's 2007 Environmental policy and aims to put into practice one of the values expressed in the 2013-17 Strategic Plan: "To make our operations as just and as sustainable as we can." The group's work has also meant that for the first time the Cathedral has allocated a distinct budget for Sustainability initiatives. These include training on behavioural and organisational change, plans for enhanced recycling in the newly refurbished Chapter House and the use of print management software to reduce waste and costs. Investigations into the feasibility of rainwater harvesting for new visitor WC facilities for the Crypt in 2016, and of secondary glazing to reduce heat loss from the clerestory windows, are also planned.

### Principal Risks and Uncertainties

A full risk review is carried out by both Chapter and the Chapter Finance Committee twice a year. The Cathedral maintains a risk register summarising its top risks. These are individually assessed and rated to enable Chapter to focus on the key risks and actions to mitigate or reduce those risks. Throughout the year there were specific reviews as well as continuous action to manage the major risks to which the Cathedral is exposed. The risk review process will continue to be examined and tested to ensure it remains appropriate and effective.

# ST PAUL'S CATHEDRAL

## The Report of Chapter as Trustees of St Paul's Cathedral - continued

The key risks facing the Cathedral are:

- a lack of strategic direction;
- a major terrorist or protest attack;
- volatile financial markets;
- vulnerability to changes in the number of paying visitors;
- fluctuations in the value of the defined benefit scheme;
- safeguarding;
- fabric repair of the Cathedral.

The specific actions being taken in response to these risks include holding Chapter "away days" to develop strategy. Coming out of this, the Registrar is leading work on developing an annual business plan, and a longer term financial strategy. Strong relations are maintained with the police and the intelligence services to mitigate the risk of a terrorist attack and there is a continued focus on staff training and awareness-raising on this issue. The Chapter Finance Committee and Investment Advisory Committee have adopted a proactive approach to overseeing the strategic and operational management of funds, through regular contact with fund managers and by reviewing performance comparators in managing the financial risks which may impact on the value of the Cathedral's investment portfolio. The risk of a reduction in visitor numbers is managed through constant market review and through the development of plans to improve communications and marketing and improve the visitor experience. The risks posed by the deficit on the defined benefit contribution are being managed through the payment of a significant additional annual contribution by the Cathedral, through governance changes to ensure the effective oversight and management of the pension fund and through the adoption of an investment strategy to reduce future liabilities as market conditions allow. The Cathedral and School place the highest priority on safeguarding training for relevant staff and volunteers and continue to review and develop their policy and practice in this area. The Cathedral is strengthening its approach to fundraising to ensure that fabric repair projects are funded, and is involving the Cathedral Surveyor in work to develop a ten year Repairs and Maintenance programme to inform this, following the Quinquennial review of the fabric.

### Plans for the Future

Chapter will continue its work on achieving the objectives of the Strategic Plan 2013-2017. The key objectives of the plan include:

- improving the way the welcome is conducted, by improved signage and similar actions
- obtaining permissions and funds for a permanent North Transept ramp and continuing to improve disability access
- continue to upgrade staff facilities and develop proposals for improvements to the Crypt area
- devote more resources to education, schools and families and other outreach work
- devote more resources to the Cathedral's collections to tell the Christian story, and
- obtaining permissions and funds to renovate the Library and the Great Model.

Chapter will also work closely with the School to pursue appropriate plans for the redevelopment of the School to ensure its future success.

### Public Benefit

Chapter are aware of the guidance issued by the Charity Commission under the Charity Act 2011 and are confident their activities are delivering public benefit. There were a total of 1.2 million visitors to the Cathedral of which over 300,000 attended congregational services and events.

### Going Concern

Chapter, having considered the current financial position, the budget for 2016 along with the financial projections for 2017 and 2018, and the associated risks and assumptions, have identified no material uncertainties that may cast doubt about the ability of the Cathedral to continue as a going concern for at least 12 months after the signing of the accounts.

Chapter have taken account of the outcome of the EU Referendum in June 2016 in making this assessment. It recognises that there may be some negative impacts, for example it may become more difficult to retain and recruit staff given the current mix of nationalities working at St Paul's. Also, the impact on UK economy in general is likely to be negative over the short to medium term. However, the direct implications of this for the Cathedral are likely to be offset by the fall in value of sterling which in the past has had a positive impact on visitor numbers, many of whom are from Europe and the USA. The value of St Paul's investments has also risen in the short-term following the referendum vote.

# ST PAUL'S CATHEDRAL

## The Report of Chapter as Trustees of St Paul's Cathedral - continued

### Charities SORP (FRS102)

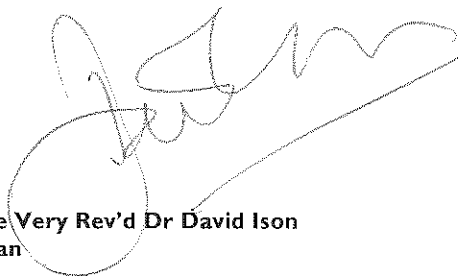
The financial statements are prepared under the Guidelines on English Anglican Cathedral Accounts as revised in 2015 which include guidance from the Charities SORP 2015. Further information is included within the accounting policies.

### Statement of the Responsibilities of Chapter

Chapter are 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 accounts 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 guidelines issued in December 2006 on the subject prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for the non-compliance;
- following applicable accounting standards and 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; and
- safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of Chapter as Trustees of St Paul's Cathedral



The Very Rev'd Dr David Ison  
Dean

22<sup>nd</sup> September 2016

# ST PAUL'S CATHEDRAL

## INDEPENDENT AUDITOR'S REPORT TO THE CHAPTER OF ST PAUL'S CATHEDRAL

We have audited the financial statements of St Paul's Cathedral ("The Cathedral") for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Cathedral Balance Sheet, the Cash Flow Statement, the Accounting policies and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### Respective responsibilities of Chapter and auditor

As explained more fully in the Statement of Responsibilities of Chapter, Chapter are responsible for the preparation of the financial statements which give a true and fair view.

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

### Scope of the Audit of the Financial Statements

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

### Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Cathedral's affairs as at 31 December 2015, 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; and
- have been prepared in accordance with the guidelines specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999.

### 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:

- sufficient accounting records have not been kept; or
- the 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.

*Deloitte LLP*

Deloitte LLP *22. September 2016.*  
Chartered Accountants and Statutory Auditor  
London

Deloitte LLP is eligible to act as an auditor in terms of section 146 of the Charities Act 2011 and consequently to act as the auditor of the Cathedral.

# ST PAUL'S CATHEDRAL

## Consolidated statement of financial activities for the year ended 31 December 2015

		Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total Funds	Total Funds
	Notes	£000's	£000's	£000's	£000's	2015 £000's	2014 £000's
<b>Income and Endowments from:</b>							
Trading and fundraising		9,461	-	-	-	9,461	9,781
Charges and fees arising in the course of mission		821	3,401	-	-	4,222	3,883
Grants in support of mission		1,213	880	-	-	2,093	2,616
Donations and legacies		781	58	-	-	839	883
Investments		321	85	-	-	406	386
Other income		-	-	-	-	-	900
<b>Total Income</b>	<b>4</b>	<b>12,597</b>	<b>4,424</b>	<b>-</b>	<b>-</b>	<b>17,021</b>	<b>18,449</b>
<b>Expenditure on:</b>							
Cathedral and precincts upkeep		2,672	847	-	-	3,519	5,612
Education and outreach		322	3,248	-	-	3,570	3,458
Ministry		2,612	4	-	-	2,616	2,456
Raising funds		3,452	-	-	-	3,452	3,432
Administrative support		1,612	-	-	-	1,612	1,945
Other expenditure		33	-	-	-	33	27
<b>Total expenditure</b>	<b>5</b>	<b>10,703</b>	<b>4,099</b>	<b>-</b>	<b>-</b>	<b>14,802</b>	<b>16,930</b>
<b>Net income before investment gains</b>		<b>1,894</b>	<b>325</b>	<b>-</b>	<b>-</b>	<b>2,219</b>	<b>1,519</b>
Net gains arising on investment assets	7	355	26	-	190	571	1,014
<b>Net income after investment gains</b>		<b>2,249</b>	<b>351</b>	<b>-</b>	<b>190</b>	<b>2,790</b>	<b>2,533</b>
Net gains arising on investment properties	8	50	-	-	-	50	380
Other gains							
Actuarial gains(losses) on defined benefit pension schemes	18	471	-	-	-	471	(1,763)
		<b>2,770</b>	<b>351</b>	<b>-</b>	<b>190</b>	<b>3,311</b>	<b>1,150</b>
Transfers between funds	15	(3,010)	-	3,010	-	-	-
<b>Net increase/(decrease) in funds</b>	<b>15</b>	<b>(240)</b>	<b>351</b>	<b>3,010</b>	<b>190</b>	<b>3,311</b>	<b>1,150</b>
Funds brought forward	15	17,404	4,132	-	3,481	25,017	23,867
<b>Funds carried forward</b>	<b>15</b>	<b>17,164</b>	<b>4,483</b>	<b>3,010</b>	<b>3,671</b>	<b>28,328</b>	<b>25,017</b>

Note: All of the above results were derived from continuing operations.

Notes 1 to 26 form part of these statements

The Statement of Financial Activities for 2014 is included at Note 26.



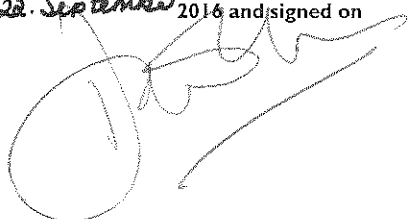
# ST PAUL'S CATHEDRAL

Consolidated balance sheet  
at 31 December 2015

	Notes	Unrestricted Funds £000's	Restricted Funds £000's	Designated Funds £000's	Endowment Funds £000's	Total Funds £000's 2015	Total Funds £000's 2014 Restated
<b>Fixed assets</b>							
<b>Investment assets</b>							
Investments	7	8,998	1,995	2,000	3,671	16,664	15,950
Property	8	7,850	-	-	-	7,850	7,800
		16,848	1,995	2,000	3,671	24,514	23,750
<b>Tangible fixed assets</b>							
Equipment and plant	11	64	506	-	-	570	552
Total fixed assets		16,912	2,501	2,000	3,671	25,084	24,302
<b>Current assets</b>							
Stocks		175	-	-	-	175	120
Debtors	12	712	514	1,010	-	2,236	2,398
Cash at bank and in hand		688	2,026	-	-	2,714	1,950
		1,575	2,540	1,010	-	5,125	4,468
<b>Liabilities due within one year</b>							
Bank overdraft		-	-	-	-	-	(210)
Creditors	13	(1,213)	(558)	-	-	(1,771)	(2,301)
		(1,213)	(558)	-	-	(1,771)	(2,511)
<b>Net current assets</b>							
		362	1,982	1,010	-	3,354	1,957
<b>Total assets less current liabilities</b>							
		17,274	4,483	3,010	3,671	28,438	26,259
<b>Provisions for liabilities and charges</b>							
	14	(110)	-	-	-	(110)	(111)
<b>Net assets excluding pension liability</b>							
		17,164	4,483	3,010	3,671	28,328	26,148
<b>Defined benefit pension scheme liability</b>							
	18	-	-	-	-	-	(1,131)
<b>Total net assets</b>							
		17,164	4,483	3,010	3,671	28,328	25,017
<b>The Funds</b>							
Unrestricted income funds		17,164	-	-	-	17,164	18,535
Pension scheme deficit		-	-	-	-	-	(1,131)
Designated funds	15	-	-	3,010	-	3,010	-
Permanent endowment		-	-	-	3,671	3,671	3,481
Restricted income funds		-	4,483	-	-	4,483	4,132
	15	17,164	4,483	3,010	3,671	28,328	25,017

Notes 1 to 26 form part of these statements

The accounts on pages 16 to 35 were approved by  
Chapter on ~~22 September~~ 2016 and signed on  
its behalf by:




# ST PAUL'S CATHEDRAL

Cathedral balance sheet  
at 31 December 2015

	Notes	Unrestricted Funds £000's	Restricted Funds £000's	Designated Fund	Endowment Funds £000's	Total Funds 2015 £000's	Total Funds 2014 £000's
<b>Fixed assets</b>							
<b>Investment assets</b>							
Investments	7	8,998	1,244	2,000	3,671	15,913	15,244
Investments in subsidiary undertakings:							
St Pauls Cathedral School		-	3,009	-	-	3,009	2,733
St Pauls Cathedral Enterprises Limited		150	-	-	-	150	150
Property	8	7,850	-	-	-	7,850	7,800
		16,998	4,253	2,000	3,671	26,922	25,927
<b>Tangible fixed assets</b>							
Equipment and plant	11	63	-	-	-	63	107
<b>Total fixed assets</b>		17,061	4,253	2,000	3,671	26,985	26,034
<b>Current assets</b>							
<b>Debtors</b>							
Amounts due from subsidiary undertakings		216	-	-	-	216	-
Other Debtors	12	824	10	1,010	-	1,844	2,027
Cash at bank and in hand		581	242	-	-	823	513
		1,621	252	1,010	0	2,883	2,540
<b>Liabilities due within one year</b>							
<b>Creditors</b>							
Bank overdraft		-	-	-	-	-	(210)
Amounts due to subsidiary undertakings		(155)	-	-	-	(155)	(277)
Other Creditors	13	(1,275)	-	-	-	(1,275)	(1,828)
		(1,430)	0	-	-	(1,430)	(2,315)
<b>Net current assets</b>		191	252	1,010	-	1,453	225
<b>Total assets less current liabilities</b>		17,252	4,505	3,010	3,671	28,438	26,259
<b>Liabilities due after one year</b>							
<b>Provisions for liabilities and charges</b>	14	(110)	-	-	-	(110)	(111)
<b>Net assets excluding pension liability</b>		17,142	4,505	3,010	3,671	28,328	26,148
<b>Defined benefit pension scheme liability</b>	18	-	-	-	-	-	(1,131)
<b>Net assets</b>		17,142	4,505	3,010	3,671	28,328	25,017
<b>Funds</b>							
Unrestricted		17,142	-	-	-	17,142	18,535
Pension scheme deficit		-	-	-	-	-	(1,131)
Designated		-	-	3,010	-	3,010	-
Endowment		-	-	-	3,671	3,671	3,481
Restricted		-	1,496	-	-	1,496	1,399
Restricted subsidiary undertaking		-	3,009	-	-	3,009	2,733
	15	17,142	4,505	3,010	3,671	28,328	25,017

The accounts on pages 16 to 35 were approved by  
Chapter on *21 September* 2016 and signed on  
its behalf by:




# ST PAUL'S CATHEDRAL

## Consolidated cash flow statement for the year ended 31 December 2015

	Notes	2015 £000's	2014 £000's
<b>Net cash provided by/(used in) operating activities</b>	<b>16</b>	<b>813</b>	<b>(8)</b>
<b>Cash flows from investing activities</b>			
Rents received net of costs		123	120
Investment income received net of costs		192	184
Purchase of plant and equipment		(221)	(176)
Purchase of investments		-	(730)
		<u>94</u>	<u>(602)</u>
<b>Net cash provided by /(used in) investing activities</b>		<b>907</b>	<b>(610)</b>
<b>Change in cash and cash equivalents</b>		<b>907</b>	<b>(610)</b>
<b>Cash and cash equivalents at the start of the reporting period</b>		<b>4,152</b>	<b>4,762</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>17</b>	<b>5,059</b>	<b>4,152</b>

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## **I Accounting Policies for the year ended 31 December 2015**

### **(a) Basis of Preparation**

The financial statements are prepared under the Guidelines on English Anglican Cathedral Accounts as revised in 2015 which include guidance from the Charities SORP 2015 and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015, prepared by the Association of English Cathedrals and prescribed by the Church Commissioners under Section 27 of the Cathedrals Measure 1999.

There are no changes to the accounting policies previously disclosed other than amendments made for the transition to FRS102.

The financial statements have been drawn up using the going concern basis as the Chapter has a reasonable expectation that the organisation will continue in operational existence for the foreseeable future (see page 13).

The accounts are prepared on a consolidated basis and incorporate the activities of St Paul's Cathedral (including its restricted funds held in Special Trusts), St Paul's Cathedral School and the Cathedral's wholly owned subsidiary, St Paul's Cathedral Enterprises Limited. Activities described as Other Related Entities (see note 3) are excluded.

### **(b) Accounting Convention**

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties, investments and the defined benefit pension fund. Income and expenditure are accounted for on the accruals basis.

### **(c) Third Party Receipts and Payments**

Where amounts are payable on behalf of the Cathedral by third parties, for example the Church Commissioners, these are included under both income and expenditure in the Consolidated Statement of Financial Activities.

### **(d) Legacies and Donations**

All legacies and donations receivable are credited to the Consolidated Statement of Financial Activities and allocated to the relevant fund according to any restrictions placed upon their use.

Legacies are recognised when the Cathedral is certain of its entitlement and any pre-conditions have been complied with and it is probable that the legacy will be received within a reasonable time span, and the amount to which the Cathedral is entitled can be reliably measured.

### **(e) Repairs, Restoration and Maintenance**

Expenditure incurred on repairs, restoration and maintenance is charged to the Consolidated Statement of Financial Activities in the period in which it is incurred.

### **(f) Interest Payable**

Interest charges are charged to the Consolidated Statement of Financial Activities as incurred.

### **(g) Taxation**

Tax payable, including irrecoverable value added tax, less amounts recoverable, is deducted from the source of income or added to the item of expenditure which gives rise to it.

### **(h) Cathedral Building, Freehold Properties and Cathedral Inventory**

No value is attributed to non-investment freehold properties listed in Note 10 because these assets are fully depreciated.

No value is attributed to items included in the Cathedral inventory as being of architectural, archaeological, artistic or historic interest because they are for Cathedral use and also cannot be measured at a monetary value with sufficient reliability.

The requirements under FRS 102 regarding accounting for heritage assets have been considered. The Cathedral maintains a full inventory, but does not consider a valuation of those items is practicable.

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## I Accounting Policies for the year ended 31 December 2015 - continued

### (i) Investment Property and Investments

Investment freehold properties listed in Note 8 are externally re-valued at open market value, except in the year of purchase. Advice is sought annually as to the possibility of material movement between individual valuations. All other investments are re-valued annually at open market value. Such revaluations are incorporated in the accounts.

Any unrealised change in value since the later of acquisition or the last balance sheet date is credited or charged to the Consolidated Statement of Financial Activities. Any realised gain or loss (calculated as net sales proceeds less value at the last balance sheet date, or cost if acquired during the year) is also credited or charged to the Consolidated Statement of Financial Activities.

### (j) Plant and Other Fixed Assets

Plant and other fixed assets generally above a cost of £1,000 are capitalised and depreciation is provided to write off the original cost by equal annual instalments as follows:

Plant, machinery, fixtures and fittings, school minibus and pianos	4 - 8 years
Computers and office equipment	3 years

### (k) Stocks

Stocks comprise shop goods for resale and are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price.

### (l) Funds

Funds are classified between endowment, restricted and unrestricted in accordance with the legal constraints on their use, and the consequent degree of flexibility which Chapter have on using the incoming resources that gave rise to the funds.

#### Endowment Funds

These are funds where there is no power to convert capital into income. They are held permanently and cannot be utilised for other purposes, although the constituent assets may change over time.

#### Restricted Funds

These are funds subject to specific conditions or trusts, imposed by the donor or the terms of a specific appeal, which are binding on Chapter. The restriction may be on income or capital or both.

#### Unrestricted and Designated Funds

These are all funds other than endowment and restricted funds and include funds designated for a specific purpose by Chapter.

### (m) Operating Leases

Payments and receipts are recognised in the Consolidated Statement of Financial Activities as an expense on a straight line basis over the lease term.

### (n) Grants Receivable

Grants receivable are recognised when income is measurable, probable and the Cathedral is entitled to recognise it. Grants receivable which are subject to conditions or restrictions are credited to the restricted fund in the Consolidated Statement of Financial Activities, depending on the category of expenditure incurred to which they relate, as soon as they are received or become receivable. The related expenditure incurred is charged to the restricted fund in the Consolidated Statement of Financial Activities as appropriate.

If a grant has been received or is receivable and either the related expenditure has not been incurred or the conditions of the grant have not been satisfied, then the grant is carried forward in restricted funds in the balance sheet. If expenditure has been incurred prior to the receipt of the related grant, but with other conditions satisfied, then the grant receivable is credited to the Consolidated Statement of Financial Activities and carried forward as a debtor in the balance sheet.

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## I Accounting Policies for the year ended 31 December 2015 - continued

### (o) Pension Scheme Arrangements (also see Note 18)

#### Defined Benefit

The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates. The amounts charged within staff costs in the Consolidated Statement of Financial Activities (SOFA) are the current service costs and past service costs. The interest cost and expected return on assets is shown in the SOFA under other expenditure. The actuarial gain or loss is shown in the consolidated SOFA as 'gains or losses on revaluation'. The assets of the scheme are held separately from those of the Cathedral. They are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at AA corporate bonds index rate. The resulting defined benefit asset was not recognised on the balance sheet as the Trust Deed contains restrictions that state it is not refundable to the employer and the scheme specific valuation currently shows a deficit.

#### Defined Contribution

These pension charges represent the costs of the contributions payable in the year by the Cathedral.

#### Church of England Funded Pension Scheme

Prior to 1 January 1998, the costs of paying pensions and related benefits for Chapter and Minor Canons were met by the Church Commissioners from their current income. The cost of benefits relating to pensionable service up to that date will continue to be financed by the Commissioners (see Note 19). With effect from 1 January 1998 the Pensions Measure 1997 came into force, and a new funded scheme was established called the Church of England Funded Pensions Scheme. This scheme operates as an occupational pension scheme and contributions, at a rate determined having regard to actuarial advice, are paid into a separate fund in the trusteeship of the Church of England Pensions Board. Benefits arising from pensionable service after 31 December 1997 are provided from that fund. The contributions to the fund by the Cathedral are charged to the Consolidated Statement of Financial Activities, under unrestricted funds, as incurred (see Note 18). Contributions in respect of the Dean and two Commissioners' Canons are paid by the Church Commissioners.

### (p) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note I, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts 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 that are considered to be 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

# ST PAUL'S CATHEDRAL

## Notes to the accounts For the Year Ended 31 December 2015

### 2 Consolidated or Combined Entities

The accounts of St Paul's Cathedral Enterprises Limited (Enterprises) and the St Paul's Cathedral School have been consolidated in these audited accounts of the Cathedral.

#### St Paul's Cathedral Enterprises Limited (company number 03313320)

The principal activities of the company comprise operating a retail shop in the Cathedral crypt and the supply of catering and conference facilities to visitors of the Cathedral, conference delegates, guests and Cathedral staff. The catering activities are carried out through an independent contractor. Turnover in the year was £2.18 million (2014 - £2.38 million), the operating surplus was £0.87 million (2014 - £1.02 million) and net assets were £150k (2014 - £150k). The company is 100% owned by the Cathedral and all operating surpluses are paid up to the Cathedral annually through distributions.

#### St Paul's Cathedral School (charity number 312718)

St Paul's Cathedral School was founded for the education, nurture and care of the choristers of the Cathedral. There were on average 35 boy choristers aged between 7 and 13, all of whom are accommodated on the School site. In addition, the School admits children of the same ages, of whom there were on average 156 in the year and the Pre-Prep Department had 61 children enrolled at the end of 2015. The main school includes 73 girls.

The School is managed via an 'Instrument of Delegation' granted to the governing body in 2006. This body is represented by independent lay governors and governors from Chapter. The agreement is cancellable by written notice and will be reviewed every 5 years.

Turnover in the year was £4.01 million (2014 - £3.91 million), the net income was £0.25 million (2014 - £0.32 million) and net assets were as set out in the extract below from the St Paul's Cathedral's School's Report and Financial Statements for 2015.

#### St Paul's Cathedral School – Balance Sheet at 31 December 2015

	Unrestricted	Designated	Total Unrestricted	Restricted	Total	Total
	2015	2015	2015	2015	2015	2014
	£	£	£	£	£	£
<b>FIXED ASSETS</b>						
Investments	-	-	-	750,794	750,794	740,717
Tangible Assets	506,372	-	506,372	-	506,372	445,011
	506,372	-	506,372	750,794	1,257,166	1,185,728
<b>CURRENT ASSETS</b>						
Debtors	504,941	-	504,941	-	504,941	1,448,700
Cash at Bank and in Hand	1,718,450	-	1,718,450	65,185	1,783,635	1,478,057
	2,223,391	-	2,223,391	65,185	2,288,576	2,926,757
CREDITORS: amounts falling due within one year	(536,291)	-	(536,291)	-	(536,291)	(1,356,023)
NET CURRENT ASSETS	1,687,100	-	1,687,100	65,185	1,752,285	1,570,734
NET ASSETS	2,193,472	-	2,193,472	815,979	3,009,451	2,756,462

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## 3 Other Related Entities

The entities disclosed below, are not controlled by Chapter but are wholly for the financial benefit of the Cathedral and Cathedral School. In accordance with the Guidelines on Cathedral Accounting, only income and expenditure transactions between the related entity and the Cathedral are included in the accounts.

### St Paul's Cathedral Foundation

St Paul's Cathedral Foundation, established in the year 2000, is a charitable company limited by guarantee. The Foundation's principal objects are to make grants to the Cathedral from donations received in respect of:

- (a) the maintenance, restoration, repair and conservation of, and the undertaking of works to the fabric of, the Cathedral;
- (b) furthering the theological and adult educational work of the Cathedral;
- (c) promoting the maintenance and development of the music of the Cathedral.

### The City of London Endowment Trust for St Paul's Cathedral

The City of London Endowment Trust for St Paul's Cathedral is a registered charity established in 1982 in order to endow the Cathedral by raising a Trust Fund from the City of London. The income from this Trust Fund and, exceptionally at the discretion of the Trustees, some or all of its capital is available to assist the Cathedral to continue its essential work and meet the running expenses of its day to day activities.

### The Garfield Weston Trust for St Paul's Cathedral

The Garfield Weston Trust for St Paul's Cathedral is a registered charity established in 1972 whose objects are the preservation, maintenance and improvement of the fabric of the Cathedral, the interior decoration and ornaments, furnishings, carvings, fixtures and fittings.

### Friends of St Paul's Cathedral

The Friends of St Paul's Cathedral is a registered charity established in 1952 whose objects are the preservation of the fabric and buildings of the Cathedral, the ornaments, furnishings, services, music, and similar.

### St Paul's Cathedral Chorister Trust

St Paul's Cathedral Chorister Trust is a registered charity established in 1984 to raise and apply its funds for the provision of resources for the education of boys at the School, and for the furtherance of music at the School.



# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 4 Income

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	£000s	£000s	£000s	£000s
			2015	2014
<b>Trading and fundraising</b>				
Charges to visitors	7,293	-	7,293	7,493
Gross income of shop, refectory and other activities	2,168	-	2,168	2,288
	<u>9,461</u>	<u>-</u>	<u>9,461</u>	<u>9,781</u>
<b>Charges and fees arising in the course of mission</b>				
Gross income of the St Paul's Cathedral School	-	3,401	3,401	3,259
Facility and other fees	821	-	821	624
	<u>821</u>	<u>3,401</u>	<u>4,222</u>	<u>3,883</u>
<b>Grants in support of mission</b>				
St Paul's Cathedral Foundation	1,010	847	1,857	2,384
Other grants	203	33	236	232
	<u>1,213</u>	<u>880</u>	<u>2,093</u>	<u>2,616</u>
<b>Donations and legacies</b>				
Income from local trusts and Friends	311	-	311	295
Congregational collections and giving	292	-	292	293
Donations	62	58	120	143
Tax recoverable under Gift Aid	101	-	101	100
Legacies	15	-	15	52
	<u>781</u>	<u>58</u>	<u>839</u>	<u>883</u>
<b>Investments</b>				
Property (Note 9.1)	214	-	214	202
Investments: (Note 9.2) Dividends	95	78	173	171
Interest	12	7	19	13
	<u>321</u>	<u>85</u>	<u>406</u>	<u>386</u>
<b>Other income</b>				
Sundry income	-	-	-	900
	<u>12,597</u>	<u>4,424</u>	<u>17,021</u>	<u>18,449</u>

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 5 Expenditure on mission

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	£000s	£000s	£000s	£000s
			2015	2014
<b>Cathedral and precincts upkeep</b>				
Major repairs and restoration (Note below)	382	847	1,229	3,158
Support costs	1,476	-	1,476	1,461
General maintenance, utilities and upkeep	630	-	630	810
Cathedral insurance	184	-	184	183
	<u>2,672</u>	<u>847</u>	<u>3,519</u>	<u>5,612</u>
<b>Education and outreach</b>				
St Paul's Cathedral School	(108)	3,228	3,120	3,005
Institute and adult learning	235	20	255	177
Education department	138	-	138	109
Diocese	21	-	21	59
Charitable giving	31	-	31	34
Archives and library	5	-	5	74
	<u>322</u>	<u>3,248</u>	<u>3,570</u>	<u>3,458</u>
<b>Ministry</b>				
Music costs and congregational costs	1,384	-	1,384	1,260
Services	896	4	900	838
Housing, clergy stipends and expenses	207	-	207	229
Clergy support costs	125	-	125	129
	<u>2,612</u>	<u>4</u>	<u>2,616</u>	<u>2,456</u>
<b>Raising funds</b>				
Gross costs of shop, refectory and other activities	1,329	-	1,329	1,273
Costs of facilities for visitors	1,401	-	1,401	1,421
General marketing	381	-	381	378
Fundraising	250	-	250	278
Investment property (note 8)	91	-	91	82
	<u>3,452</u>	<u>-</u>	<u>3,452</u>	<u>3,432</u>
	<u>1,612</u>	<u>-</u>	<u>1,612</u>	<u>1,945</u>
<b>Administration services</b>				
	<u>1,612</u>	<u>-</u>	<u>1,612</u>	<u>1,945</u>
<b>Other expenditure</b>				
Interest and similar charges payable	33	-	33	27
	<u>10,703</u>	<u>4,099</u>	<u>14,802</u>	<u>16,930</u>

#### Note

The expenditure totalling £1,208,000 (2014 - £3,158,000) incurred on major repairs and restoration was funded mainly by St Paul's Cathedral Foundation and primarily related to:

	2015	2014
	£000s	£000s
Chapter House project	645	2,628
Crypt services project	201	-
	<u>846</u>	<u>2,628</u>

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

	2015 £000s	2014 £000s
<b>6 Staff Remuneration - Employees and Cathedral Clergy</b>		
<b>a Average number of employees during the year</b>		
Full-time Cathedral	117	117
Full-time School	39	41
Full-time Enterprises	11	11
Part-time Cathedral	54	37
Part-time School	19	16
Part-time Enterprises	4	2
	<u>244</u>	<u>224</u>
<b>b Cathedral employee costs for the year</b>		
Salaries and stipends	4,763	4,916
National insurance costs	460	465
Pension contributions	400	351
	<u>5,623</u>	<u>5,732</u>
<b>c School employee costs for the year</b>		
Salaries	2,071	1,946
National insurance costs	176	170
Pension contributions	223	165
	<u>2,470</u>	<u>2,281</u>
<b>d Emoluments of higher paid staff</b>		
(excluding employer's pension contributions)		
£50,000-59,999	<u>7</u>	<u>7</u>
£60,000-69,999	5	5
£70,000-79,999	3	2
£80,000-89,999	<u>1</u>	<u>1</u>
<b>e Remuneration of key management personnel (excluding Pension and NI cost)</b>		
Number of Key Roles - Registrar and School Headmaster	<u>2</u>	<u>2</u>
Total Remuneration	<u>181</u>	<u>167</u>
<b>f Remuneration of Chapter members (excluding Pension and NI cost)</b>		
The remuneration and pension provision for clerical members of Chapter are both paid at a level agreed with the Church Commissioners.	<u>140</u>	<u>136</u>
<b>g Expenses of Chapter members</b>		
Number receiving expenses	<u>5</u>	<u>6</u>
Services (telephone, electricity, etc)	12	7
Travel	9	4
Entertainment	4	8
Other	7	14
	<u>32</u>	<u>33</u>

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## 7 Investments

	Cathedral Unrestricted Funds	Cathedral Restricted Funds	Cathedral Designated Funds	Consolidated Restricted Funds	Cathedral Endowment Funds	Total Funds	Total Funds
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Investments at market value 1 January	6,301	1,226	2,000	741	3,481	13,748	12,004
Net increase on additions	-	-	-	-	-	-	730
Net increase on revaluation	355	16	-	10	190	571	1,014
Transfer to designated fund	-	-	-	-	-	-	-
Investments at market value 31 December	6,656	1,242	2,000	751	3,671	14,319	13,748
Cash deposits at 1 January	2,202	-	-	-	-	2,202	2,145
Additions	141	2	-	-	-	143	57
Cash deposits at 31 December	2,343	2	-	-	-	2,345	2,202
	8,999	1,244	2,000	751	3,671	16,664	15,950

1. The Endowment Funds represent an investment in the Central Board of Finance of the Church of England (CBF) Investment fund consisting mainly of quoted equities. This investment is realisable only under Section 24 of the Cathedrals Measure 1999 which permits, with the Church Commissioners' approval, subsequent investment in property owned by Chapter or investment in the CBF Church of England funds. Income from these investments can be utilised at the discretion of Chapter, be credited to the Consolidated Statement of Financial Activities under endowment funds and then transferred to unrestricted funds.

2. Under a Covenant to the Trustees of the defined benefits pension scheme there is an agreement to hold up to £2,000,000 for the benefit of the fund represented by the Designated Fund above.

## 8 Investment property (Cathedral only) and Group

	Unrestricted Funds	Total Funds	Total Funds
	2015	2015	2014
	£000s	£000s	£000s
At valuation 1 January	7,800	7,800	7,420
Increase in revaluation in the year	50	50	380
At valuation 31 December	7,850	7,850	7,800

1. The value of freehold investment properties at Tillingham Estate, Essex, is incorporated in the accounts under unrestricted funds.

2. The Tillingham properties were valued on a market value basis for the purposes of the accounts by Strutt and Parker, Chartered Surveyors, at 31st December 2015 with an uplift in valuation in the year of £50,000 being incorporated in these accounts.

## 9 Return on investments

### 9.1 Total return on investment property

	2015	2014
Gross rents	214	202
Expenses	(91)	(82)
	123	120
Increase in revaluation	50	380
Total return on investment property	173	500

### 9.2 Total return on investments

	Equities £000s	Variable Interest £000s	2015 £000s	2014 £000s
CBF Investment Funds - dividend income (Note 4)	173	-	173	171
CBF Deposit Funds - interest income (Note 4)	-	19	19	13
Gains on revaluation and disposals (Note 7)	571	-	571	1,014
Total return on investments	744	19	763	1,198

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 10 Cathedral Building, Freehold Properties and Cathedral Inventory

#### Non investment properties

The undernoted freeholds owned by Chapter are not reflected in the Cathedral's balance sheet on the grounds that they are historic and fully depreciated:

The Cathedral Church of St Paul, The Chapter House St Paul's Churchyard, Nos 1-9 Amen Court London,  
The St Paul's Cathedral School and St Augustine's House, New Change, London

#### Cathedral Inventories

Items in the Cathedral inventory are not reflected in the balance sheet as it is not practicable to value them. They are held and inventoried in accordance with the statutory requirements of the Care of Cathedrals Measure. Public access to them is available but stored items are accessible by appointment.

11 Equipment and plant	2015	2014	2015	2014
	£000s	£000s	£000s	£000s
	Cathedral	Cathedral	Group	Group
Cost at 1 January	831	766	2,682	2,506
Additions in the year	29	67	221	176
	<u>860</u>	<u>833</u>	<u>2,903</u>	<u>2,682</u>
Depreciation at 1 January	725	638	2,130	1907
Depreciation for year	72	88	203	223
	<u>797</u>	<u>726</u>	<u>2,333</u>	<u>2130</u>
Net book value at 31 December	<u>63</u>	<u>107</u>	<u>570</u>	<u>552</u>

Fixed assets include £506,000 of assets held within the restricted funds of the School (2014 - £445,000)

12 Debtors - amounts falling due within one year	2015	2014	2015	2014
	£000s	£000s	£000s	£000s
	Cathedral	Cathedral	Group	Group
Trade debtors	219	219	561	563
VAT and Gift Aid tax recoverable	14	6	14	6
Grants receivable	1,305	586	1,305	586
Prepayments	109	223	132	227
Other debtors	197	993	199	1016
Amounts due from subsidiary undertaking	216	-	25	-
	<u>2,060</u>	<u>2,027</u>	<u>2,236</u>	<u>2,398</u>

Total debtors include £1,273,000 (2014 - £586,000) in respect of grants receivable from St Paul's Foundation towards project work. These are classified as unrestricted funds in the balance sheet.

13 Creditors - amounts falling due within one year	2015	2014	2015	2014
	£000s	£000s	£000s	£000s
	Cathedral	Cathedral	Group	Group
Trade creditors	228	537	664	577
PAYE and national insurance	197	193	197	193
VAT	307	161	307	161
Accruals and deferred income	455	891	467	1,264
Other creditors	88	46	114	106
Bank borrowings	-	210	-	210
Amounts due to subsidiary undertaking	155	277	22	-
	<u>1,430</u>	<u>2,315</u>	<u>1,771</u>	<u>2,511</u>

#### 14 Provisions for liabilities and charges (unrestricted funds)

	2015	2014	2015	2014
	£000s	£000s	£000s	£000s
	Cathedral	Cathedral	Group	Group
At 1 January	110	112	110	112
Amounts charged in the year	28	26	28	26
Amounts paid in the year	(28)	(27)	(28)	(27)
At 31 December	<u>110</u>	<u>111</u>	<u>110</u>	<u>111</u>

This provision is in respect of an estimated liability for unfunded lifetime pensions payments to pensioners for an average period of a further four years.

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 15 Funds

	01/01/2015	Actuarial gain (loss)	Investment revaluation	Property revaluation	Transfers	Other	Total	31/12/2015
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted:								
General	18,535	0	355	50	(3,010)	1,234	(1,371)	17,164
Pension deficit	(1,131)	1,131	0	0	0	0	1,131	0
	<u>17,404</u>	<u>1,131</u>	<u>355</u>	<u>50</u>	<u>(3,010)</u>	<u>1,234</u>	<u>(240)</u>	<u>17,164</u>
Restricted - Special trusts	1,399	0	16	0	0	59	75	1,474
Restricted - School	2,733	0	10	0	0	266	276	3,009
Designated - Crypt Refurbishment	0	0	0	0	1,010	0	1,010	1,010
Designated - Pension Fund	0	0	0	0	2,000	0	2,000	2,000
Endowment	3,481	0	190	0	0	0	190	3,671
<b>Total</b>	<u><u>25,017</u></u>	<u><u>1,131</u></u>	<u><u>571</u></u>	<u><u>50</u></u>	<u><u>0</u></u>	<u><u>1,559</u></u>	<u><u>3,311</u></u>	<u><u>28,328</u></u>

- (a) The Restricted Special Trusts comprise 10 funds which have various restrictions placed on their use.
- (b) Restricted School funds relate to the accumulated assets under the management of the School governors under an Instrument of Delegation effective since 1 January 2006.
- (c) A grant from St Paul's Cathedral Foundation towards specific 2016 projects was transferred to designated funds in the year.
- (d) A designated fund has been set aside for Crypt refurbishment costs.
- (e) A designated fund of £2 million is held under a Covenant to the Trustees of the St Paul's Cathedral defined benefits pension scheme.
- (f) The endowment fund has been invested to ensure the future financial sustainability of the Cathedral and is not available for distribution or use as working capital.

### 16 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2015	2014
	£000s	£000s
Net movement in funds in the period per SOFA	3,311	1,150
Income from property and investments	(406)	(386)
Property management costs	91	82
Additional Pension Fund Contribution	(660)	(662)
(Gains)/losses on investments	(1,092)	369
Depreciation charges in the year	203	223
(Increase)/Decrease in stocks	(55)	29
Decrease/(Increase) in debtors	184	(954)
(Decrease)/Increase in creditors	(552)	141
(Decrease)/Increase in bank overdraft	(210)	
(Decrease)/Increase in provision for liabilities and charges	(1)	
<b>Net cash provided by/(used in) operating activities</b>	<u><u>813</u></u>	<u><u>(8)</u></u>

### 17 Analysis of cash and cash equivalents

	2015	2014
	£000s	Restated £000s
Cash at bank and in hand	2,714	1,950
Cash held as investment assets	2,345	2,202
<b>Net cash and cash equivalents</b>	<u><u>5,059</u></u>	<u><u>4,152</u></u>

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## 18 Staff Pensions

The Cathedral maintains a defined contribution scheme with Aviva for its staff, excluding Chapter and Minor Canons. A defined benefit pension scheme was closed to new employees from 1 October 2002, and was closed to service accrual for all existing members from 1 May 2007.

### Defined Contribution Scheme

The Cathedral operates a defined contribution pension scheme with Aviva for all employees. The assets of the scheme are held separately in independently administered funds. The pension charge represents contributions payable to the fund amounting to £323,000 (2014 - £327,000).

### Defined Benefit Scheme

The management of the Scheme funds, held in a separate trustee administered fund, was carried out by the trustees of the fund. Legal and General Assurance (Pensions Management) Ltd managed 76% of the funds under a mandate from the trustees, around 12%, were managed by BNY Mellon Fund Managers Limited and around 12% by Blackrock.

Although closed to service accrual, the retirement benefits for members of this Scheme are based on employees' final remuneration and the length of service to 1 May 2007. The pension cost is assessed in accordance with the advice of an independent actuary using the projected unit method on the basis of an annual valuation and charged to the Statement of Financial Activities as described below.

There was a scheme funding valuation of the Scheme by the Actuary as at 30 September 2013. The funding plan is for the Scheme to hold assets to the value of the benefits using the methodology as set out in the Scheme's Statement of Funding Principles. This valuation showed a Scheme deficit of £2.4 million. The Employer agreed to continue contributions at a level of £660,000 per annum until September 2017 to pay off the deficit and has also undertaken to identify assets valued up to £2 million held for the benefit of the Scheme.

The results of the actuarial valuation as at 31 December 2014 were updated to the accounting date by an independent qualified actuary in accordance with FRS102 allowing for contributions, benefit payments made, and changes in market conditions. The results, based on assumptions used for FRS102 are set out below. The funding assumptions differ from the assumptions used to calculate the figures for these accounts and therefore produce different results.

The total return on the Scheme's assets over the year was £391,000. The Scheme does not invest directly in property owned by the Cathedral or in financial securities issued by the Cathedral.

Significant actuarial assumptions at 31 December:

	2015	2014	2013
Retail price inflation % pa	3.10	3.10	3.40
Consumer price index % pa	2.10	2.10	2.40
Discount rate % pa	3.80	3.60	4.60
Revaluation of non-GMP in deferment % pa	2.10	2.10	2.40
General salary increases % pa	2.10	2.10	2.40
Life expectancy of male /female aged 65	24.2/26.4	24.2/26.3	24.5/27.0
Life expectancy of male/female aged 65 in 20 years' time	26.5/28.6	26.4/28.5	26.9/29.3

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 18 Staff Pensions - continued

Assets	2015		2014	
	Value £000s	Allocation %	Value £000s	Allocation %
Equities	6,340	26	6,048	25
Real return and diversified growth funds	5,482	23	5,464	23
Bonds	3,474	14	3,451	14
Gilts	7,047	30	7,067	30
Insured pensioners	1,791	7	1,884	8
Other	92	0	77	0
Fair value of plan assets	<u>24,226</u>	<u>100</u>	<u>23,991</u>	<u>100</u>
Present value of defined benefit obligation	(22,437)		(25,122)	
Unrecognised surplus	<u>(1,789)</u>		<u>0</u>	
Net pension deficit	<u>0</u>		<u>(1,131)</u>	

#### Movement in the net balance sheet position

Opening net liabilities	1,131	28
Expense charged to the SOFA	78	43
Amount recognised outside the SOFA	(500)	1,777
Employer contributions	<u>(709)</u>	<u>(717)</u>
<b>Closing liabilities</b>	<u>0</u>	<u>1131</u>

#### Movement in present value of defined benefit obligation

Opening defined benefit obligation	25,122	21,714
Employers part of current service cost	50	58
Interest on plan liabilities	889	984
Actuarial (gains) losses due to		
Experience on benefit obligations	(1,884)	
Changes in financial assumptions	(875)	3,026
Benefit payments	<u>(865)</u>	<u>(660)</u>
Closing defined benefit obligation	<u>22,437</u>	<u>25,122</u>

#### Movement in fair value of plan assets

Opening fair value of plan assets	23,991	21,686
Interest on plan assets	861	999
Actual return on plan assets less interest	(470)	1,249
Contributions by the employer	709	717
Benefit payments	<u>(865)</u>	<u>(660)</u>
	<u>24,226</u>	<u>23,991</u>

#### Movement in the impact of the asset ceiling

	<u>1,789</u>	<u>-</u>
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# ST PAUL'S CATHEDRAL

## Notes to the accounts For the Year Ended 31 December 2015

### 19 Cathedral Clergy Pension

St Paul's Cathedral (London) participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

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

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293 million, based on assets of £896 million and a funding target of £1,189 million, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% per annum on gilts and 5.2% per annum on equities;
- RPI inflation of 3.2% per annum (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% per annum;
- Post-retirement mortality in accordance with 80% of the SINFA and SINMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

The contribution rate was 39.9% (2014 - 38.2%). Amounts payable are included within note 6.

### 20 Auditor's Remuneration

	2015 £000s	2014 £000s
Auditor's services	47	45
	<u>47</u>	<u>45</u>

### 21 Related Party Transactions

During the year Mr Oliver Caroe, Surveyor to the Fabric and an Officer of the Cathedral, received a retainer for his services of £69,981. In this role he advised Chapter on the fabric of and repairs to the Cathedral. He was also a partner in Caroe Architecture Limited to whom fees amounting to £100,034 (2014 - £132,803) were paid in respect of architectural services on a number of projects. In addition there were amounts owing to Caroe Architecture Limited at 31 December 2015 amounting to £nil (2014 - £4,889) and a further accrual has been included in these accounts for £91,801 in respect of work in progress. These amounts exclude VAT.

The Very Revd Dr David Ison and Lay Canon Gavin Raiston were members of Chapter and also trustees and directors of the St Paul's Cathedral Foundation during the year. The Very Revd Dr David Ison was also a trustee of the Friends. The Cathedral was the recipient of grants from these trusts during the year amounting to £2,886,000 (2014 - £2,886,000) and the amount receivable at 31 December 2015 was £1,295,430 (2014 - £603,012).

### 22 Contingencies and Guarantees

There are no contingent liabilities of a material amount for which provision has not been made in the accounts. There are no guarantees nor have any charges been given on any of the assets in the Cathedral's balance sheet.

# ST PAUL'S CATHEDRAL

Notes to the accounts  
For the Year Ended 31 December 2015

## 23 Commitments and Operating Leases

The total amount payable committed under operating leases at the balance sheet date:-

	Computing & Office Equipment		Land & Buildings	
	2015	2014	2015	2014
Expiring between 1-5 years	40,311	36,600	595,000	640,000

The land and buildings above refer to the Paternoster site. This is sub-let in full.

There are no other commitments for future expenditure. Neither are there any forward commitments or other outstanding contracts which are expected to result in losses which have not been provided for in the accounts.

## 24 Chapter House Refurbishment

During the period 2013 to 2015 costs of approximately £5.6 million were incurred on this non-investment property to ensure its functional availability. The costs were principally funded by grant making bodies and are shown as an expense in these accounts.

## 25 Transitional arrangements under SORP (FRS 102)

The following change in presentation has been made:

- In the 2014 financial statements, as re-stated, short-term deposits of £1,368,948 are included in Cash at Bank and in Hand.

No adjustment is required for Holiday Pay because the annual leave year for all staff runs from 1 January to 31 December and has to be used in this period.

# ST PAUL'S CATHEDRAL

## Notes to the accounts

For the Year Ended 31 December 2015

### 26 Consolidated statement of financial activities for the year ended 31 December 2014

	Unrestricted Funds	Restricted Funds	Designated Funds	Endowment Funds	Total Funds 2014	Total Funds 2013
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Income and Endowments from:</b>						
Trading and fundraising	9,781	-	-	-	9,781	10,488
Charges and fees arising in the course of mission	624	3,259	-	-	3,883	3,965
Grants in support of mission	139	2,477	-	-	2,616	1,058
Donations and legacies	806	77	-	-	883	765
Investments	308	78	-	-	386	351
Other income	1,006	(106)	-	-	900	7
<b>Total Income</b>	<b>12,664</b>	<b>5,785</b>	<b>-</b>	<b>-</b>	<b>18,449</b>	<b>16,634</b>
<b>Expenditure on:</b>						
Cathedral and precincts upkeep	3,131	2,481	-	-	5,612	3,379
Education and outreach	453	3,005	-	-	3,458	3,361
Ministry	2,456	-	-	-	2,456	2,501
Raising funds	3,432	-	-	-	3,432	3,152
Administrative support	1,945	-	-	-	1,945	1,994
Other expenditure	27	-	-	-	27	28
<b>Total expenditure</b>	<b>11,444</b>	<b>5,486</b>	<b>-</b>	<b>-</b>	<b>16,930</b>	<b>14,415</b>
<b>Net income before investment gains</b>	<b>1,220</b>	<b>299</b>	<b>-</b>	<b>-</b>	<b>1,519</b>	<b>2,219</b>
Net gains arising on investment assets	612	99	-	303	1,014	1,359
<b>Net income after investment gains</b>	<b>1,832</b>	<b>398</b>	<b>-</b>	<b>303</b>	<b>2,533</b>	<b>3,578</b>
Net gains arising on investment properties	380	-	-	-	380	320
Other gains						
Actuarial gains(losses) on defined benefit pension schemes	(1,763)	-	-	-	(1,763)	157
	449	398	-	303	1,150	4,055
Transfers between funds	-	-	-	-	-	-
<b>Net increases in funds</b>	<b>449</b>	<b>398</b>	<b>-</b>	<b>303</b>	<b>1,150</b>	<b>4,055</b>
Funds brought forward	16,955	3,734	-	3,178	23,867	19,812
<b>Funds carried forward</b>	<b>17,404</b>	<b>4,132</b>	<b>-</b>	<b>3,481</b>	<b>25,017</b>	<b>23,867</b>