

Annual Report and Accounts 2017

 **St PAUL'S**
CATHEDRAL



Images:

Front cover:
St Paul's, taken from Millennium Bridge

Back cover - from top left:
Mark Wallinger's *Ecce Homo* is installed on the west steps for Passiontide, April 2017
A banner is carried into the Grenfell Tower National Memorial Service, December 2017
Young poets gather in the Quire during the first poetry residency, July 2017
HM The Queen attends the Order of the British Empire Centenary Service, May 2016
David Suchet reads St Mark's Gospel at an Adult Learning event, March 2017
Children take part in Messy Cathedral, May 2017
Installation of the Revd Jonathan Brewster as Treasurer, July 2017

All pictures by Graham Lacadao, except Messy Cathedral, taken by Donna McDowell

**REPORT AND CONSOLIDATED ACCOUNTS OF THE CORPORATION OF
THE CATHEDRAL CHURCH OF ST PAUL IN LONDON (ST PAUL'S
CATHEDRAL) FOR THE YEAR ENDED 31ST DECEMBER 2017**

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The Dean's Report

2017 was another year full of a wide variety of services, events and projects. Our achievements are a reflection of the creativity and vitality of our Chapter, staff and volunteers who continue to develop inspiring and innovative work in all aspects of Cathedral life to achieve our Christian vision.

These activities included the service for the centenary of the Order of the British Empire, as well as a series of summer late openings and a programme of events and services to mark the 500th anniversary of the Reformation. Our learning departments continue to offer innovative and engaging opportunities to discover the depth and richness of what our Cathedral has to offer and the Christian faith to which it bears witness, reaching out to new and wider audiences.

On 14 December 2017 the Cathedral hosted the Grenfell Tower National Memorial Service which brought the local community and nation together in remembrance, and also in hope. I am so proud of the care taken by all our staff in preparing and seeing through this service at what was already our busiest time of year, and thankful that we could offer a fitting and inclusive memorial which gave some comfort to those affected by this tragedy six months on.

Behind the scenes, extensive repairs were carried out to the Stone Gallery and good progress was made on the Equal Access project, with the necessary planning permissions being obtained for the North Transept ramp, which will enable us to become a place for all people all of the time. Our new Global Partnerships team has strengthened our relationships with donors and established a clear development strategy to support the Cathedral's wide-ranging work. We are grateful for the continued generosity of all those who enable us to undertake these important projects.

This year has seen departments across the Cathedral and further afield collaborate to offer rich and varied experiences, demonstrating that the individual elements of our work and mission come together to make a whole that is greater than the sum of its parts. A particular example has been the St Paul's Institute's JustWater programme which offered a diverse range of events and speakers and thought-provoking art installations, in partnership with cathedrals and churches from across the world. This was an important act of mutual support in an often challenging environment for cathedrals, amplifying our mission in a globalised world.

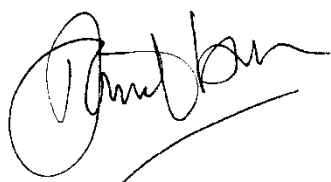
We have also welcomed many new people to our already strong team of staff, and together we have continued to work at improving the Cathedral's inclusion and engagement with London along with developing our governance and management to ensure a bright future for St Paul's, whether that is through learning opportunities, maintaining the fabric of the building, or providing a welcome to all.

We have much to celebrate from 2017, but we recognise that there is more to do to make the Cathedral a vibrant and open place of encounter for all with God and one another.

We look forward to building on the progress made in 2017 with an exciting major capital development project, 'Learning in Harmony', with St Paul's Cathedral School which will transform the academic and musical attainment of students, and develop a centre for education and the arts in the City along with building much-needed additional teaching facilities and a new boarding house.

St Paul's Cathedral Annual Report & Accounts 2017

St Paul's has been a beacon of hope and a place of learning in London for 1400 years and in 2018 we look forward to exploring new opportunities to live out the Christian gospel through our commitment to reflecting the diversity of our great city, engaging with the people of London, and being a place of individual and social spiritual transformation.

A handwritten signature in black ink, appearing to read 'David Ison', with a long horizontal stroke underneath.

The Very Revd Dr David Ison

Dean

16th May 2018

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 MBE, Treasurer *(to 7th June 2017)*

The Revd Canon Jonathan Brewster, Treasurer *(from 23rd July 2017)*

The Revd Canon Michael Hampel, Precentor

The Revd Canon Tricia Hillas, Pastor

The Revd Canon Mark Oakley, Chancellor

The Ven Sheila Watson, Canon Non-Residentiary *(from 26th January 2017)*

Mrs Pim Baxter OBE, Lay Canon

Mr Gavin Ralston, Lay Canon

Cathedral Council

Sir David Brewer KG, CMG, CVO, JP, Chair

The Very Revd Dr David Ison, Dean

The Revd Canon Philippa Boardman MBE,
Treasurer *(to 7th June 2017)*

The Revd Canon Jonathan Brewster, Treasurer
(from 23rd July 2017)

The Revd Canon Michael Hampel, Precentor

The Revd Canon Tricia Hillas, Pastor

The Revd Canon Mark Oakley, Chancellor

Mr Gavin Ralston, Lay Canon

Mr Christopher Allen

Mr Robert Bowles

Mr James de Sausmarez

Mr Bernard Donoghue

Mr Richard Gough

Mr Paul Gray

Mr Simon Holden *(from 10th August 2017)*

The Revd Prebendary David Houlding

Ms Kathryn McDowell CBE

Ms Catherine McGuinness

The Revd Prebendary Guy Pope
(to 7th December 2017)

The Rt Hon Stephen Timms MP

Mr Suleyman Wellings-Longmore
(from 27th November 2017)

Mr Ian Woodall *(to 5th January 2017)*

College of Canons

Chapter - as above

Area Bishops and Archdeacons

Bishop of Fulham (Suffragan)	The Rt Revd Jonathan Baker
Bishop of Stepney	The Rt Revd Adrian Newman
Bishop of Kensington	The Rt Revd Graham Tomlin
Bishop of Edmonton	The Rt Revd Robert Wickham
Bishop of Willesden	The Rt Revd Peter Broadbent
Bishop of Islington (Suffragan)	The Rt Revd Richard Thorpe
Archdeacon of London	The Ven Luke Miller
Archdeacon for the Two Cities	The Ven Rosemary Lain-Priestley
Archdeacon of Hackney	The Ven Liz Adekunle
Archdeacon of Middlesex	The Ven Stephan Welch
Archdeacon of Hampstead	The Ven John Hawkins
Archdeacon of Northolt	The Ven Duncan Green

Prebendaries

The Revd Prebendary Francis Adu-Boachie <i>(from 8th January 2017)</i>	The Revd Prebendary Rose Hudson-Wilkin
The Revd Prebendary Marjorie Brown <i>(from 4th June 2017)</i>	The Revd Prebendary Dr Brian Leathard
The Revd Prebendary Rosemia Brown	The Revd Prebendary Nicholas Lee
The Revd Prebendary John Brownsell <i>(to 31st January 2018)</i>	The Revd Prebendary Charles Marnham
The Revd Prebendary John Coles <i>(to 31st January 2018)</i>	The Revd Prebendary Mark Melliush
The Revd Prebendary Stephen Coles	The Revd Prebendary Nick Mercer <i>(to 7th January 2017)</i>
The Revd Prebendary Gillean Craig	The Revd Prebendary Hugh Moore
The Revd Prebendary Jeremy Crossley	The Revd Prebendary Michael Moorhead
The Revd Prebendary Dr Karowei Dorgu <i>(to 16th March 2017)</i>	The Revd Prebendary Alan Moses
The Revd Prebendary Irena Edgcumbe	The Revd Prebendary Graham Noyce <i>(from 8th January 2017)</i>
The Revd Prebendary Peter Elvy	The Revd Prebendary Jonathan Osborne
The Revd Prebendary Dr Neil Evans <i>(from 11th February 2018)</i>	The Revd Prebendary Roy Pearson
The Revd Prebendary Olwen Field	The Revd Prebendary Guy Pope <i>(to 31st October 2017)</i>
The Revd Prebendary Alan Green	The Revd Prebendary Julia Porter-Pryce <i>(from 3rd September 2017)</i>
The Revd Prebendary Stephen Green <i>(to 24th October 2017)</i>	The Revd Prebendary Tunde Roberts
The Revd Prebendary David Houlding	The Revd Prebendary Graeme Rowlands
	The Revd Prebendary Jonathan Trigg <i>(to 31st January 2017)</i>
	The Revd Prebendary John Wood <i>(from 8th January 2017)</i>

Administration

Registrar

Ms Emma Davies

Chapter Finance Committee

The Revd Canon Philippa Boardman MBE, Treasurer (Chair), *to 7th June 2017*

The Revd Canon Jonathan Brewster, Treasurer (Chair), *from 23rd July 2017*

Ms Emma Davies, Registrar

The Very Revd Dr David Ison, Dean

Ms Helen Platts ACA, Chief Financial Officer

Mr Gavin Ralston, Lay Canon (Finance)

Mr Graham Ward CBE FCA, Financial Adviser

Mr Robert Ward MBE, Financial Adviser

Trust Bodies

City of London Endowment Trust for St Paul's Cathedral

The Friends of St Paul's Cathedral

Garfield Weston Trust for St Paul's Cathedral

St Paul's Cathedral Chorister Trust

St Paul's Cathedral Foundation

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 with independent governance arrangements.

Fabric Advisory Committee

Appointed by Chapter:

Mr Martin Drury CBE

Mr Sandy Nairne CBE (Chair)

Professor Christine Stevenson

Ms Virginia Tandy OBE

Mr Rory Young

Appointed by the Cathedrals Fabric Commission for England:

Mr Chris Cowper

Dr Jennifer Freeman OBE

Professor Derek Keene

Mr John Neale

Mr Paul Williams

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

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):

Finance

Chapter Finance Committee
Audit & Risk Committee*
Investment Advisory Committee*
Remuneration Committee**

Fabric

Fabric and Finance Committee
Visual Arts Policy & Planning Committee*
Programme Board
Individual Project Boards

Security, Access and Health & Safety

Security Advisory Group
Safeguarding Advisory Group
Health and Safety Committee
Accessibility Advisory Group*

Liturgy and Music

Welcome, Worship and Events

Education

Institute Advisory Board*

Commercial

St Paul's Enterprises Board

Employee and Volunteer Engagement

Staff Consultative Committee
Volunteer Guide Team Leaders Meeting

Cathedral School

Governing Body*
Finance and General Purposes Committee*

*** The Remuneration Committee is responsible only for the remuneration of clergy. Three of its eight members are independent of the Cathedral. The Dean is constitutionally a member of all sub-committees of Chapter, but to avoid a conflict of interest does not exercise a vote in this Committee.*

External Advisors

Bankers

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

Statutory Auditor

haysmacintyre
10 Queen Street Place
London EC4R 1AG

Insurers

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

Investment Managers

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

Ruffer LLP

80 Victoria Street
London SW1E 5JL

Pension Actuary

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

Property Consultant

Strutt & Parker
Coval Hall
Chelmsford
Essex CM1 2QF

Solicitor

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

Surveyor to the Fabric

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

Report of Chapter as Trustees of St Paul's Cathedral

History

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 the destruction of the previous Cathedral building by the Great Fire of London.

Governance

St Paul's Cathedral is an ecclesiastical corporation and 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 currently applying to, St Paul's Cathedral were made under the Cathedrals Measure 1999 by Order in Council dated 13th April 2000 and were recently amended on 1st February 2016. The effect of this recent change on the accounts is minimal.

Structure

The governing body of the Corporation is the Chapter, which meets monthly on average. From time to time, Chapter invite key personnel and department heads to those meetings to review proposals or recommendations put forward for authorisation.

In accordance with the Cathedral's Constitution and Statutes (as amended February 2016) the membership of the Chapter consists of:

- the Dean, who is appointed by the Crown and instituted by the Bishop under the Terms of Common Tenure
- the Canons Residentiary of the Cathedral, who shall not exceed six at any one time, three of whom may be appointed by the Crown and instituted by the Bishop, and three appointed by the Bishop with the agreement of the Dean after consultation with the Chapter and collated by the Bishop; the appointments being held under the Terms of Common Tenure, and
- up to four additional Canons, at least two-thirds of whom shall be lay persons, appointed by the Bishop with the agreement of the Dean, after consultation with the Chapter and the Chair of the Council. These persons hold office for three years and are eligible for further terms of office.

All new members of Chapter are required to undergo appropriate induction training to brief them on key elements of their role. This involves meeting other Chapter members and key employees. Members of Chapter are encouraged to attend appropriate external training events and personal development activities where these will facilitate the undertaking of their role.

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

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member, she has the right to attend and speak at Council meetings. The Council met three times in 2017 and received the annual report and audited accounts for 2016 and the annual budget for 2018.

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 2016.

There are two Minor Canons (Succentor and Sacrist) and a Priest Vicar (Chaplain) who are assistant stipendiary clergy at the Cathedral. They have no governance role and assist the Chapter with the liturgical and pastoral work of St Paul's.

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

The Finance Committee is appointed by Chapter to advise Chapter on the Cathedral's financial management. It meets at least four times each year to review the Cathedral's financial strategy and financial performance.

The Audit & Risk Committee comprises members of the Finance Committee along with two members of the Cathedral Council and two independent members. It meets at least twice a year to review the Consolidated Annual Report and Accounts, monitor the processes relating to the management of the Cathedral's overall risks and internal controls, oversee the appointment of the external auditors and consider issues of probity and conduct.

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 agreement is described as an 'Instrument of Delegation' effective since 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.

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 Accounting and Reporting Regulations issued in February 2015 by the Cathedrals' Administration and Finance Association in conjunction with 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
- safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Our Objectives

The aims of the Cathedral are described in our Strategic Plan for 2013 - 2018.

Our mission statement guides us in all that we do at St Paul's:

- St Paul's Cathedral seeks to enable people in all their diversity to encounter the transforming presence of God in Jesus Christ.

This is supported by the priorities set out in our vision statement:

- 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 work with the Bishop and Diocese of London and the wider church, to be a spiritual focus for the people of London, the nation and the world.
- We aim to do this with confidence, compassion and creativity, promoting dignity and justice for everyone.

We also agreed a clear set of values for St Paul's:

- 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

During 2017 we spent time assessing progress against this original strategy and reviewing our objectives for the next three years. We have agreed to undertake a full review of the strategy in 2018, and that the vision and values set out above are still appropriate for our Mission directed Business Plan for 2018-2020.

To achieve our strategy, our work is grouped into four main themes, each of which is led by a member of Chapter, and which involves teams of people from across the Cathedral:

- Liturgy, Music and Events
- Theology, Education and Outreach
- Pastoral, Community Engagement and HR
- Fabric, Finance, Security, IT and Income Generation.

We have also identified two vital cross-cutting issues on which we want to make significant progress over the next three years:

- Diversity – so the whole life of the Cathedral reflects the diversity of its context
- Engagement with London – with the City, the Diocese of London and the people of Greater London.

We recognise that two important new opportunities are opening up for us which will help us deliver these cross-cutting themes. We will be working closely with the new Bishop of London, appointed in 2018, who has the explicit remit of providing leadership in engaging with society across the whole of London. We are also looking forward to being part of developments in the City of London, in both the cultural sphere and the area of social responsibility.

Our achievements during 2017 under each of the Cathedral's strategic themes are summarised below.

Liturgy, Music and Events

In 2017 we continued to explore ways to make services more engaging with a clear focus on worship in the Cathedral on a daily basis and to ensure that these services reflect the diversity of our great city. Over 440,000 people attended our regular services in 2017 including around 15,000 in Holy Week and 34,000 in Advent. The Cathedral also hosted a wide variety of special services including the service to celebrate the centenary of the Order of the British Empire and the National Hate Crime Awareness Service. In addition to the annual Diocesan services, such as the Ordination of Deacons and Chrism Mass, the Cathedral hosted the first London Diocesan Board for Schools Service, welcoming children across the Diocese to their Cathedral in a service of thanksgiving. We also hosted the retirement service of the Bishop of London with a 'pop up' Cathedral in Paternoster Square to enable more people to participate in this act of worship.

In December the Cathedral hosted the Grenfell Tower National Memorial Service which brought together people of different faiths and none, in a service of remembrance and hope which was very positively received. Designed with input from the local community, the service was a mix of sights and sounds, with the Al-Sadiq and Al-Zahra Schools Girls' Choir, oud player Rihab Azar and the

Ebony Steel Band, joining the Cathedral Choir and organ. The costs of the service were borne by the Cathedral.

The Cathedral Choir has continued to offer world-class music both at services and concerts at the Cathedral and at external engagements as well as the release of a new recording – 'Jubilate 500 Years of Cathedral Music' - which topped the classical charts for five weeks. In 2017 the musical tradition at St Paul's also benefited from the appointment of the Cathedral Choir's first female Alto Vicar Choral, Carris Jones.

The Cathedral's Music Outreach programme continues to grow with generous support from the Order of the British Empire and other supporters. 'Sing at St Paul's' workshops allow individual school choirs or classes to be trained over a number of weeks in preparation for a visit and recital at the Cathedral. This programme has given teachers and children alike new confidence and skills in their singing work at school.

The Hackney Children's Choir continues to offer a supportive environment where local children can flourish through their musical development and this partnership has enhanced Cathedral worship at a number of services, including the annual diocesan ALMA service to celebrate its faithful partnership with Angola and Mozambique.

In the autumn St Paul's offered a programme of services and events to mark the 500th anniversary of the Reformation which drew together contributions and collaborations across numerous departments. This included an Evensong series of preaching and music and a hugely popular Adult Learning event with Melvyn Bragg and Jane Williams on the Tyndale Bible. Over 1,200 people visited the Cathedral for two Reformation late openings for themed music, talks, poetry and art as well as the opportunity to view the Cathedral's copy of the Tyndale Bible. The Collections Department also hosted a talk entitled 'St Paul's and London's Long Reformation' and the Institute held a panel discussion on the Protestant work ethic and the future of work.

Theology, Education and Outreach

The Cathedral's Adult Learning events are about Christian formation, including prayer, the Bible, spiritual formation and learning. In 2017 our 27 Adult Learning events were attended by over 7,000 people, with over 66,000 views of our webcasts. Half the events were free and half charged at cost. A bursary scheme was used by 25% of people coming to our charged-for events. David Suchet's reading of St Mark's Gospel captivated a packed Cathedral and has been watched over 50,000 times online.

The Collections Department provided a number of short-term displays and talks and provided themed activity marking the 500th anniversary of the commencement of the Lutheran Reformation. Open House London visits to the Library and Great Model were managed in September and the Cathedral also participated in the first ever London History Day with a display of the Cathedral's copes, including the famous Jubilee Cope, a lunchtime talk and demonstrations by the Broderers and working with Schools and Family Learning to offer complementary family activities.

A rolling programme of conservation continued with the completion of a large mosaic design, 'Adam Naming the Beasts', by William Blake Richmond which has made the art work accessible to

Triforium tours. A project to conserve and understand the St Paul's Psalter, began in collaboration with Canterbury Cathedral where the Psalter is being conserved, digitised and rebound. It will be the focus of a study day and web feature in 2018.

Following the launch of the JustWater programme in 2016, a project which brought together cathedrals from across four continents, the Institute hosted several events exploring issues around access to water and its geopolitical implications. At a celebration of the Thames in March - an evening of music, poetry, speakers, art and community - a performance by poet and rapper Jordan Wilks, or 'Jords', engaged the audience in new forms of expression.

A new series of visual works by Pablo Genovés were also commissioned for the project and took as their theme water as a symbol of life, provoking reflection during the Lent preaching series which considered the geopolitical, environmental and theological vitality of water. Another art installation, Stations of Water, created by emerging artists, offered further opportunities to engage with this theme and formed the basis for learning opportunities with tours and workshops for schools, families, SEN groups and poets.

Through our Schools and Family Learning activities we supported visits from over 24,000 children and young people in 2017. Our offer to families has been extended with the development of family trails, drop-in activities, and bespoke events of specially designated Family Fun Days. For many participants, this is the first time they have set foot in a church, particularly those that joined the pilot City of London Family Arts Network days.

In July, Schools and Family Learning partnered with the Archikids Festival to deliver engaging activities for families to explore the architecture of the City with children designing and creating their own domes.

Schools and Family Learning welcomed Caleb Femi, the first Young People's Laureate for London, in collaboration with Spread the Word, for a week's residency and 12 young poets to the Cathedral in the first ever summer residency with Barbican Young Poets programme. These emerging writers seek to change many of the assumptions young Londoners may have about St Paul's and to interpret it for a new generation.

St Paul's is pleased to have an active Visual Arts programme that seeks to nurture the faith and imagination of the worshippers who come to the Cathedral as well as provoking reflection and response from all those who visit. The Cathedral hosted a number of pieces including FN Souza's *The Crucifixion, 1962*, which was generously loaned to the Cathedral by the Trustees of the Methodist Modern Art Collection to mark the UK India Year of Culture.

The West Portico was home to Mark Wallinger's *Ecce Homo* for Holy Week and Eastertide in collaboration with Amnesty International to highlight the plight of all those currently in prison, suffering torture or facing execution because of their political, religious or other conscientiously-held beliefs.

Pastoral, Community Engagement and HR

Following a re-evaluation of the responsibilities of the Residentiary Canons, the Canon Pastor will focus more on the Cathedral's outward engagement to add to our work around inclusion, diversity and engagement with individuals, communities and agencies across London. This pastoral and mission work, including developing interfaith connections, is an important aspect of developing the ways in which St Paul's relates to the needs of London and Londoners.

In June, the Canon Pastor and other members of the Cathedral community joined Muslims from nearby Tower Hamlets for a sunset walk beginning at St Paul's and ending at the East London Mosque where an Iftar meal was shared. Following the tragic events at London Bridge, this simple act had added significance and created a valuable and fruitful link between our two communities.

The Cathedral welcomed people of all ages with disabilities for free on Disabled Access Day once again. A full and varied programme of activities and tours catered for all interests and abilities, offering new ways of engaging with the history, architecture and life of the Cathedral.

The Cathedral continues to engage with the Islington Refugee Centre, a local charity supporting asylum seekers, migrants and refugees, which we hope to develop as part of the renewed focus of the Canon Pastor's role.

In December we welcomed members of an interfaith network to the annual performance of Britten's Ceremony of Carols, and for a reception in the Chapter House. This was a wonderful opportunity to share part of our Advent devotional preparations with people of other faiths.

In 2017 we added to our already strong team by recruiting talented new people and the HR Department delivered further security and safeguarding training to staff and volunteers.

Fabric, Finance, Security, IT and Income Generation

Our most recent Quinquennial Inspection Review is providing the basis for the Cathedral's fabric repair and maintenance programme and the development work that needs to take place to support this. Extensive repairs to the Stone Gallery were completed in December which marked the end of a major project which had run throughout the year.

The new Global Partnerships Team has laid the foundations for a new and refocused development strategy and worked closely with St Paul's Cathedral Trust in America to establish a coordinated future. Preparatory work was undertaken for 2018 which offers significant opportunities with the US Choir Tour and 60th anniversary of the dedication of the American Memorial Chapel. We have maintained our existing supporter base through our fundraising and development activities and inspired additional support from new and existing Friends, Fellows, Patrons, commercial sponsors and grant-making trusts and foundations including the Livery Companies.

The number of paying visitors increased by 16% in 2017, to over 817,000. Staff in our Visitor Services, Visits and Admissions teams supported new arrangements for late night openings. The Cathedral's security measures were strengthened significantly during the year with the appointment of a Head of Security and Resilience, bringing valuable expertise and assurance.

A series of seven summer late openings in July and August gave visitors the opportunity to experience the Cathedral at dusk and a rare chance to photograph inside. A coordinated marketing campaign focused on using social media and London bloggers to encourage Londoners in particular to visit these special evenings. Over 4,000 people attended these late openings with almost 250 choosing to upgrade their ticket to an annual pass.

Our commercial activities – the shop, catering and events – continued to flourish, with a surplus of over £1 million generated in 2017. The catering contract was re-tendered with the appointment of new caterers, Searcys, from January 2017.

Public Benefit

Chapter are aware of the guidance issued by the Charity Commission under the Charities Act 2011 and are confident that the Cathedral's activities – as described in this annual report - are delivering public benefit. In 2017 there were a total of 1.6 million paying and non-paying visitors to the Cathedral (2016 – 1.4 million) of whom around 450,000 attended congregational services and events (2016 – 475,000), 26,000 visited from schools (2016 – 27,000), with a further 294,000 non-paying visitors (2016 – 238,000) and 817,000 paying visitors (2016 – 702,000).

Performance

Chapter has involved key members of staff in developing the Cathedral's long-term Strategy and the three year Mission directed Business Plan to ensure there is a shared understanding of what the Cathedral is working to achieve, and how achievements and progress are to be assessed.

Chapter has made a commitment to reviewing progress in delivering the Cathedral's agreed priorities at least twice a year. This includes reporting delivery of the key programmes and projects set out in the latest Mission directed Business Plan, in respect of cost, quality and timeliness. There is a continued focus on project management at the Cathedral, in particular for the key fabric development projects, with this being overseen by a new Programme Board.

Chapter has agreed to review a number of Key Performance Indicators as part of the regular management reporting at the Cathedral. This includes reviewing participation in services as well as the Cathedral's outreach activities, the Cathedral's financial and fundraising performance and a number of internal indicators such as sickness absence.

In 2018 the Cathedral will start a process to assess the extent to which people participating in the life of the Cathedral match the general profile of the population, for Greater London and the UK more widely. Chapter has also agreed to review the extent to which St Paul's engages with London, including the London Diocesan Office, churches in the Diocese, Christians in the Diocese and also the wider population of London.

Financial Review

London is an important international tourist destination attracting over 18 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 2017 was 817,000 – significantly higher than the 702,000 paying visitors we had in 2016.

Across the whole range of the Cathedral's activities, net assets had increased by £3.10 million from £29.91 million to £33.01 million at the end of 2017.

This increase mainly arose from an operating surplus of £1.43 million (2016 – an operating deficit of £0.15 million) in addition to a revaluation surplus of £1.67 million (2016 - £1.73 million).

Gross income for the year was £17.84 million, compared to £16.31 million in 2016. The major source of income came from commercial activities which include admission charges, the crypt shop and event income. This income increased by 18.7% from a level of £9.41 million in 2016 to £11.17 million and was mainly due to an increase in visitor numbers. Gross income from charges and fees arising in the course of the Cathedral's mission was £4.06 million (2016 - £4.16 million). Grants receivable for the Cathedral were £1.50 million (2016 - £1.90 million). Revenue from donations and legacies was £0.70 million (2016 - £0.48 million), whilst income from the investment and property portfolios was £0.41 million for the year (2016 - £0.36 million). Total expenditure in the year was £15.80 million (2016 - £15.84 million).

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
- 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 £29.04 million (2016 - £26.87 million) of investment assets of which £14.56 million (2016 - £13.07 million) is held in investment units in the CBF investment fund and £3.38 million in investment units in the Ruffer Investment fund (2016 - £3.28 million), £2.31 million (2016 - £2.21 million) in CBF cash deposits managed by CCLA, and £8.79 million (2016 - £8.31 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.

CCLA and Ruffer operate effective ethical investment policies and also ensure that cash deposits retain their AAA rating. Cash flow was carefully managed and overall net cash balances, including the £2.31 million in cash deposits managed by CCLA, were £6.90 million at the end of the year (2016 - £5.89 million).

The property investments are located in Tillingham, Essex and consist of properties and agricultural land, part of which have been in the ownership of the Bishopric of London and the Cathedral 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 Committee advises Chapter on the implementation of its investment strategy and meets investment managers at least once a year. The CCLA investment fund returns for 2017 were 13.4% (2016 – 15.9%). The Ruffer investment fund returns for 2017 were 3.0% compared with a 9.5% return in 2016 from its inception on 9 March 2016.

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 2016 disclosed a net deficit of £3.5 million. This led to a re-negotiation during 2017 between the Cathedral and the trustees of the pension fund, who have updated their assumptions on mortality and the financial markets to those prevailing in June 2017. As a result the trustees agreed to the Cathedral's additional contributions to the scheme, which had previously been £0.66 million per annum, ceasing from September 2017, subject to a charge being made against the Tillingham estate. Under the FRS102 valuation the net asset value of the scheme at 31 December 2017 was £3.04 million (2016 - £0.58 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. In 2017 work therefore continued to secure funding for key development projects including the Equal Access project and the replacement of the sound system.

Reserves

The Cathedral's total net assets were £33.01 million at the end of 2017 (2016 - £29.91 million).

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. Operating expenditure is defined as projected recurrent expenditure, excluding one-off items. The current target for available 'free' reserves is £8.00 million.

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 £7.81 million, are not considered to be available for distribution or for use as working capital except in extreme circumstances
- restricted and endowment funds as disclosed in the statutory accounts totaling
- £10.76 million.

By this definition, at the end of 2017, the target of £8.00 million for available 'free' reserves for the Cathedral had been exceeded by £6.00 million. This has enabled Chapter to create an additional designated reserve of £2.00 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 commensurate income or savings will be generated over a defined period of time, which can then be used to replenish the designated fund.

Subsequent to the year-end, Chapter has also agreed to create additional designated reserves from the 2017 operating surplus with half of the surplus to be invested to create a long-term fabric fund. The remaining half of the 2017 surplus is to be divided equally to provide funding for a number of urgent fabric projects along with additional resources in support of the Cathedral's pastoral and spiritual engagement programme and its work with families.

Accessibility

St Paul's continues its journey to be more inclusive and welcoming for all people, regardless of disability or other characteristics. In 2017 significant progress was made with the Equal Access project, with approval received from the Cathedral Fabric Commission for England and planning consent from the City of London moving the project into its next phase in 2018. This is a major milestone for a project which will see the delivery of both ramped and improved stepped access to the Cathedral.

The Cathedral also participated in 'Disabled Access Day', a national event aimed at encouraging disabled people to visit places they haven't been before and to encourage destinations to showcase their accessibility. Delivered and initiated by our staff and volunteers, the event proved to be very well received by disabled people and Cathedral representatives alike.

Sustainability

The Cathedral has a Sustainability Policy which 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.' For example, with the Cathedral shop, more than half of our products are made in the UK or from Fair Trade sources. Our focus on sustainability runs across all aspects of the Cathedral's daily life. In 2017 the City of London recognised the excellent progress we have made with waste management recycling by awarding the Cathedral the Chairman's Cup – small site – as part of the London Clean City Award.

Key Risks

A risk review is carried out by Chapter and the Audit & Risk Committee twice a year. St Paul's maintains a risk register summarising its key risks. These are individually assessed and rated to enable Chapter to focus on the key risks facing the Cathedral along with 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.

The key risks facing the Cathedral, along with the steps we are taking to manage them, are:

- the Cathedral does not achieve its mission – mitigated by:
 - developing a five year Strategy and a three year Mission directed Business Plan
 - its wide-ranging liturgical and musical programme
 - delivering a wide programme of spiritual and other cultural and outreach activities
 - external communications particularly through the website to showcase all the Cathedral offers.

- damage to the Cathedral's reputation – mitigated by:
 - Chapter oversight of key decisions
 - the Mission directed Business Plan setting out the Cathedral's operating framework
 - clear policies defining appropriate behaviour
 - co-ordinated press response by Chapter
 - management of external messaging by the Communications Team
 - investment in line with the Ethical Investment Advisory Group of the Church of England.

- a major terrorist attack or other security breach – mitigated by:
 - close working with the security services
 - access control, security screening and security patrols
 - emergency and evacuation procedures continuously reviewed
 - our demonstrations policy
 - staff training and briefing
 - business continuity planning
 - reserves policy – funds available in the event of closure.

- our financial sustainability – mitigated by:
 - prudent annual and medium-term budgets
 - a focus on the Cathedral's commercial activities through the Enterprises company
 - appropriate levels of liquid reserves for short term income fluctuations
 - review of investment performance by Investment Advisory Committee
 - robust governance of pension fund
 - robust governance of major fabric projects including the School's 'Learning in Harmony' project
 - the Cathedral's agreed system of financial controls and procedures.

- safeguarding – mitigated by:
 - clear safeguarding policies and procedures for the Cathedral and the Cathedral School
 - School safeguarding policies and procedures
 - training for all staff including volunteers and casual staff
 - DBS checks for relevant staff
 - a Safeguarding Advisory Group with an independent chair.

- the fabric repair of the Cathedral – mitigated by:
 - priorities for fabric repair and development projects identified in the Quinquennial Inspection Review and in the annual business planning and budgeting process
 - programme and project governance
 - a fire risk assessment updated annually
 - monitoring of fire system
 - insurance cover
 - Public Liability insurance.

- health and safety - mitigated by:
 - health and safety policies
 - staff training
 - risk assessments for all new fabric projects
 - regular meetings of the Health and Safety group, attended by an independent advisor
 - Public Liability insurance.

- IT security – mitigated by:
 - IT security and business continuity arrangements
 - person access control
 - staff awareness training
 - the appointment of a Data Protection Officer.

- our people, including capability, morale and high turnover – mitigated by:
 - the leadership and management provided by Chapter and Heads of Department
 - investment in training and skills development
 - staff engagement through regular face-to-face and other communication
 - HR policies
 - flexibility in the deployment of staff.

Going Concern

Chapter, having considered the current financial position, the budget for 2018 along with the financial projections for 2019 and 2020 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 twelve months from the date when the financial statements are authorised for issue.

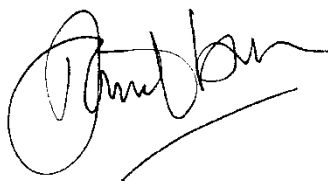
Plans for the Future

The Cathedral faces significant financial challenges. Although at the end of 2017 it had total net assets of £33.01 million, most of these were held in investments and property reflecting the Cathedral's long-term strategy for ensuring financial sustainability. It is therefore a priority for the Cathedral to focus on increasing its operating and fundraised income to meet the ongoing challenges of funding, amongst other things, the fabric repair programme identified in the recent Quinquennial Inspection Report, which it is estimated will cost £13 million over the next ten years.

Alongside these challenges, Chapter will continue its work on achieving the objectives of the Strategic Plan. The Cathedral's key objectives for the three years from 2018 – 2020 are set out in a new Mission directed Business Plan. These include:

- increasing our visitor income so we are financially sustainable
- improving access with a new ramp and a new sound system
- supporting the Cathedral School development project – 'Learning in Harmony'
- maintaining the physical fabric of the Cathedral
- fundraising for significant development projects
- further strengthening our governance structures.

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

A handwritten signature in black ink, appearing to read 'David Ison', with a horizontal line underneath.

The Very Revd Dr David Ison
Dean
16th May 2018



The Farewell Service for the Rt Hon and Rt Revd Richard Chartres as Bishop of London, February 2017

Poet and rapper Jordan Wilks, 'Jords', performs at the JustWater celebration of the Thames, April 2017



Independent Auditor's Report to the Chapter of St Paul's

Opinion

We have audited the financial statements of St Paul's Cathedral ("the Cathedral") for the year-ended 31st December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Cathedral-only Balance Sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. 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 Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the Cathedral's affairs as at 31 December 2017 and of the group's net movement in funds 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 regulations specified by the Church Commissioners under the powers 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 group 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.

Responsibilities of the members of Chapter for the financial statements

As explained more fully in the responsibilities statement set out on page 17, the members of the Chapter are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 members of the Chapter are responsible for assessing the group's and the 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 they either intend to liquidate the group or 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

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/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusion 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 were:

- the members of the Chapter's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members of the Chapter have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the 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 members of the Chapter are responsible for the other information. The other information comprises the information included in the Annual Report of the Chapter. 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 in relation to which we report to you if, in our opinion:

- sufficient accounting records have not been kept by the Cathedral; or
- the Cathedral's 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.



*Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre
Statutory Auditor*

*10 Queen Street Place
London
EC4R 1AG*

25th May 2018

Consolidated Statement of Financial Activities for the year ended 31st December 2017

	Note	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total Funds 2017 £000s	Total Funds 2016 £000s
Income and Endowments from:						
Trading and fundraising		11,170	-	-	11,170	9,409
Charges and fees arising in the course of mission		593	3,465	-	4,058	4,157
Grants in support of mission		1,111	392	-	1,503	1,902
Donations and legacies		595	102	-	697	482
Investments		326	82	-	408	363
Total Income	4	13,795	4,041	-	17,836	16,313
Expenditure on:						
Cathedral and precincts upkeep		3,731	432	-	4,163	5,154
Education and outreach		935	3,289	-	4,224	4,033
Ministry		2,468	62	-	2,530	2,637
Raising funds		4,878	3	-	4,881	4,014
Total expenditure	5	12,012	3,786	-	15,798	15,838
Net income before investment gains		1,783	255	-	2,038	475
Net gains arising on investment assets	7	841	200	541	1,582	1,856
Net income after investment gains		2,624	455	541	3,620	2,331
Net gain/(loss) arising on investment properties	8	90	-	-	90	(130)
Actuarial loss on defined benefit pension schemes	17	(605)	-	-	(605)	(622)
Net increase in funds	14	2,109	455	541	3,105	1,579
Funds brought forward	14	20,143	5,531	4,233	29,907	28,328
Funds carried forward	14	22,252	5,986	4,774	33,012	29,907

All of the above results were derived from continuing operations.

Notes 1 to 24 form part of these statements.

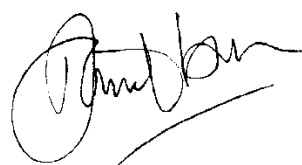
The Consolidated Statement of Financial Activities for 2016 is included at Note 24.

Consolidated Balance Sheet at 31st December 2017

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016
		£000s	£000s	£000s	£000s	£000s
Fixed assets						
Investment assets						
Investments	7	13,053	2,416	4,774	20,243	18,558
Property	8	7,810	984	-	8,794	8,309
		20,863	3,400	4,774	29,037	26,867
Tangible fixed assets	11	21	38	-	59	79
Total fixed assets		20,884	3,438	4,774	29,096	26,946
Current assets						
Stocks		206	-	-	206	180
Debtors	12	1,612	131	-	1,743	1,819
Cash at bank and in hand		1,575	3,010	-	4,585	3,679
		3,393	3,141	-	6,534	5,678
Liabilities due within one year						
Creditors	13	(1,888)	(593)	-	(2,481)	(2,561)
Net current assets		1,505	2,548	-	4,053	3,117
Total assets less current liabilities		22,389	5,986	4,774	33,149	30,063
Liabilities due after one year						
Provisions for liabilities and charges		(137)	-	-	(137)	(156)
Total net assets		22,252	5,986	4,774	33,012	29,907

Funds	Unrestricted General Funds	Restricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016	
Unrestricted income funds	20,252	-	-	20,252	16,143	
Unrestricted designated funds	2,000	-	-	2,000	4,000	
Restricted income funds	-	5,986	-	5,986	5,531	
Endowment funds	-	-	4,774	4,774	4,233	
	14	22,252	5,986	4,774	33,012	29,907

Notes 1 to 24 form part of these statements. The accounts on pages 29 - 59 were approved by Chapter on 16th May 2018 and signed on its behalf by:



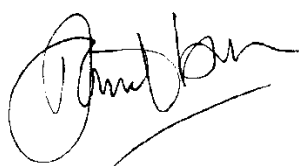
The Very Revd Dr David Ison
Dean

Cathedral Balance Sheet at 31st December 2017

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total Funds 2017 £000s	Total Funds 2016 £000s
Fixed assets						
Investment assets						
Investments	7	13,053	1,507	4,774	19,334	17,724
Investments in subsidiary undertakings:						
St Pauls Cathedral School		-	3,822	-	3,822	3,427
St Pauls Cathedral Enterprises Limited		150	-	-	150	150
Property	8	7,810	-	-	7,810	7,720
		21,013	5,329	4,774	31,116	29,021
Tangible fixed assets						
Equipment and plant	11	21	-	-	21	27
Total fixed assets		21,034	5,329	4,774	31,137	29,048
Current assets						
Debtors						
Amounts due from subsidiary undertakings		515	-	-	515	677
Other Debtors	12	1,326	-	-	1,326	1,213
Cash at bank and in hand		1,285	657	-	1,942	1,218
		3,126	657	-	3,783	3,108
Liabilities due within one year						
Creditors						
Amounts due to subsidiary undertakings		-	-	-	-	(341)
Other Creditors	13	(1,771)	-	-	(1,771)	(1,752)
		(1,771)	-	-	(1,771)	(2,093)
Net current assets		1,355	657	-	2,012	1,015
Total assets less current liabilities		22,389	5,986	4,774	33,149	30,063
Liabilities due after one year						
Provisions for liabilities and charges		(137)	-	-	(137)	(156)
Net assets		22,252	5,986	4,774	33,012	29,907

Funds	Unrestricted General Funds	Restricted Funds	Endowment Funds	Total Funds 2017	Total Funds 2016	
Unrestricted income funds	20,252	-	-	20,252	18,143	
Unrestricted designated funds	2,000	-	-	2,000	2,000	
Restricted income funds	-	2,164	-	2,164	2,104	
Restricted subsidiary undertaking	-	3,822	-	3,822	3,427	
Endowment funds	-	-	4,774	4,774	4,233	
	14	22,252	5,986	4,774	33,012	29,907

The accounts on pages 29 to 59 were approved and authorised for issue by Chapter on 16th May 2018 and signed on its behalf by:



The Very Revd Dr David Ison
Dean

Consolidated Cash Flow Statement for the year ended 31 December 2017

		2017	2016
Net cash provided by operating activities	15	632	715
Cash flows from investing activities			
Rents received net of costs	123	112	
Investment income received net of costs	185	162	
Purchase of plant and equipment	(34)	(24)	
Disposal of investments	-	(3,000)	
Purchase of investments	-	274	3,000
		<u>906</u>	<u>965</u>
Net cash provided by investing activities		906	965
Change in cash and cash equivalents		<u>906</u>	<u>965</u>
Cash and cash equivalents at the start of the reporting period		<u>3,679</u>	<u>2,714</u>
Cash and cash equivalents at the end of the reporting period	16	<u><u>4,585</u></u>	<u><u>3,679</u></u>

Notes to the accounts for the year ended 31st December 2017

I. Accounting Policies

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.

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 23).

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.

In the application of the Group's accounting policies, 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.

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 Statutory 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.

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.

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 into 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.

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.

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 in relation to clergy and past service costs in relation to the Cathedral's employees. 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. 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. Agreed contributions to past deficits are provided for at the net present value of the expected future contributions and movement in the provision is charged or credited to unrestricted expenditure. Contributions arising from current service are charged to expenditure as they fall due (see Note 18). Contributions in respect of the Dean and two Commissioners' Canons are paid by the Church Commissioners.

p. Financial Instruments

The Cathedral only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and may subsequently be measured at their settlement value if this differs, with the exception of financial investments which are shown at market value.

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 on a line-by-line basis in the Cathedral's consolidated accounts, both in the statement of financial activities and the balance sheet.

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 £2.59 million (2016 - £1.70 million), the operating surplus was £1.03 million (2016 - £0.51 million) and net assets were £150,000 (2016 - £150,000). 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 30 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 154 in the year and 61 children pre-prep children aged between 4 and 7 on the school roll. At the end of 2017 there were 103 girls in the school.

The School is managed via an 'Instrument of Delegation' granted to the governing body in 2005. 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.

Gross Income in the year was £4.03 million (2016 - £3.94 million), the net income was £0.39 million (2016 - £0.42 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 2017.

St Paul's Cathedral School – Balance Sheet as at December 2017

	2017	2016
	£000s	£000s
FIXED ASSETS		
Investments	909	834
Tangible Assets	1,022	641
	<u>1,931</u>	<u>1,475</u>
CURRENT ASSETS		
Debtors	131	518
Cash at Bank and in Hand	2,353	1,809
	<u>2,484</u>	<u>2,327</u>
CREDITORS: amounts falling due within one year	<u>(593)</u>	<u>(375)</u>
NET CURRENT ASSETS	<u>1,891</u>	<u>1,952</u>
NET ASSETS	<u>3,822</u>	<u>3,427</u>

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.

	2017	2016
	£000s	£000s
	audited	audited
Gross Income	589	862
Net Income/(Expenditure)	111	(5)
Grants paid or payable to the Cathedral	433	849
Gross assets	1,493	1,546
Net assets	1,309	1,198

The Cathedral's accounts for 2017 show grants of £388,640 from the Foundation. This figure excludes legacies of £35,280 paid via the Foundation and a grant of £9,385 recognised by the Cathedral in 2016 but not included in the Foundation's accounts until 2017.

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

The City of London Endowment Trust for St Paul's Cathedral (COLET) 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.

	2017	2016
	£000s	£000s
	audited	audited
Gross Income	257	232
Net Expenditure	(569)	(93)
Grants paid or payable to the Cathedral	732	232
Gross assets	11,257	11,034
Net assets	10,607	10,662

The Cathedral's accounts for 2017 show grants of £232,000 from COLET. The COLET accounts for 2017 include an accrual for grant of £500,000 for the Equal Access project, which has not yet been paid to the Cathedral.

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.

	2017	2016
	£000s	£000s
	audited	audited
Gross Income	109	110
Net (Expenditure)/Income	(331)	67
Grants paid or payable to the Cathedral	400	-
Gross assets	4,810	4,479
Net assets	4,406	4,465

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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.

	2017	2016
	£000s	£000s
	audited	audited
Gross Income	117	226
Net (Expenditure)/Income	(285)	50
Grants paid or payable to the Cathedral	319	93
Gross assets	723	792
Net assets	406	691

The Cathedral's accounts for 2017 show grants of £354,080 from the Friends. This includes an accrual for a grant of £35,000 for 2017 to cover staff support costs incurred by the Cathedral and which was not included in the Friends accounts for 2017.

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.

	2017	2016
	£000s	£000s
	audited	audited
Gross Income	371	267
Net (Expenditure)/Income	(475)	202
Amount paid or payable to the Cathedral and School	752	3
Gross assets	2,833	2,377
Net assets	1,964	2,279

The Chorister Trust accounts for 2017 include an accrual for a grant of £750,000 for the 'Learning in Harmony' School Development project, which has not yet been paid to the School.

4. Income

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2017 £000s	Total Funds 2016 £000s
Trading				
Charges to visitors	8,517	-	8,517	7,659
Gross income of shop, refectory and other activities	2,562	-	2,562	1,657
Gift Aid on Admissions	91	-	91	93
	11,170	-	11,170	9,409
Charges and fees arising in the course of mission				
Gross income of the St Paul's Cathedral School	-	3,465	3,465	3,410
Facility and other fees	593	-	593	747
	593	3,465	4,058	4,157
Grants in support of mission				
St Paul's Cathedral Foundation	-	389	389	849
COLET	232	-	232	232
OBE	73	-	73	100
Friends of St Paul's Cathedral	354	-	354	95
Other grants	452	3	455	626
	1,111	392	1,503	1,902
Donations and legacies				
Congregational collections and giving	370	-	370	347
Donations	178	27	205	82
Legacies	47	75	122	53
	595	102	697	482
Investments				
Property (Note 9.1)	223	-	223	201
Investments: (Note 9.2) Dividends	97	79	176	145
Interest	6	3	9	17
	326	82	408	363
	13,795	4,041	17,836	16,313

5. Expenditure on Mission

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2017 £000s	Total Funds 2016 £000s
Cathedral and precincts upkeep				
Major repairs and restoration (Note below)	758	398	1,156	2,217
General maintenance, utilities and upkeep	2,108	2	2,110	1,935
Collections, library and archives management	132	32	164	168
Cathedral insurance	207	-	207	200
Support costs (Note below)	526	-	526	634
	3,731	432	4,163	5,154
Education and outreach				
St Paul's Cathedral School	361	3,279	3,640	3,493
Institute and adult learning	253	6	259	254
Education department	153	4	157	147
Diocese	47	-	47	26
Charitable giving	38	-	38	18
Archives and library	2	-	2	2
Support costs (Note below)	81	-	81	93
	935	3,289	4,225	4,033
Ministry				
Music costs and congregational costs	841	58	899	902
Services	536	4	540	410
Housing, clergy stipends and expenses	272	-	272	532
Clergy support costs	471	-	471	469
Support costs (Note below)	348	-	348	324
	2,468	62	2,529	2,637
Raising funds				
Gross costs of shop, refectory and other activities	1,541	-	1,541	1,171
Costs of facilities for visitors	2,116	-	2,116	1,810
General marketing	152	-	152	260
Fundraising	281	-	281	162
Investment property (Note 8)	100	-	100	89
Support costs (see Note below)	688	3	690	522
	4,878	3	4,881	4,014
	12,012	3,786	15,798	15,838

Repairs and Restoration

The expenditure totalling £1,156,323 (2016 - £2,216,678) incurred on major repairs and restoration related to:

	2017	2016
	£000s	£000s
Audio Visual	12	65
Ballastrade	14	-
Bellringser' Chamber	28	-
Bill Viola installations	31	169
Boiler Replacement	-	429
Crypt Refurbishment	-	1,357
Equal Access	122	99
Grand Organ Transmission	161	-
Library Renovation	8	
OBE Chapel Windows	31	-
Other Miscellaneous Projects	20	82
Roof Repairs	62	
Stone Gallery	667	16
	<u>1,156</u>	<u>2,217</u>

Support Costs

The support costs allocated above related to:

	2017	2016
	£000s	£000s
General Administration	359	506
Pension Scheme Administration	214	283
Finance	433	372
Human Resources	361	237
Information Technology	279	285
Write-back of unfunded pension provision	-	(110)
	<u>1,646</u>	<u>1,573</u>

6. Staff Remuneration - Employees and Cathedral Clergy

	2017	2016
a Average number of employees during the year		
Cathedral:		
- Total number of employees	171	165
- Full-time equivalents	132	134
Clergy:		
- Total number of clergy	8	8
- Full-time equivalents	8	8
School:		
- Total number of employees	79	76
- Full-time equivalents	59	55
Enterprises:		
- Total number of employees	13	14
- Full-time equivalents	11	11
b Cathedral employee costs for the year	£000s	£000s
Salaries and stipends	5,826	5,157
National insurance costs	503	458
Pension contributions	381	369
	<u>6,710</u>	<u>5,984</u>
c School employee costs for the year	£000s	£000s
Salaries	2,113	2,059
National insurance costs	209	198
Pension contributions	243	241
	<u>2,565</u>	<u>2,498</u>
d Remuneration of higher paid staff (excluding employer's pension contributions)		
£60,000-69,999	6	3
£70,000-79,999	1	1
£80,000-89,999	1	-
£90,000-99,999	1	1
£100,000 £109,999	-	-
£110,000 - £119,999	1	-

e Remuneration of key management personnel

Key management personnel are considered to be the members of Chapter whose remuneration is shown at Note 6.f below along with the Registrar and the School Headmaster, who are not members of Chapter. The total remuneration of the key management personnel in 2017 was £401,658 (2016 - 396,766).

f Remuneration of Chapter members

	£000s	£000s	£000s	£000s
	Stipend	Pension	Total	Total
D. Ison	35	12	47	47
P. Boardman	12	4	16	36
J. Brewster	12	4	16	-
M. Hampel	30	9	39	35
T.Hillas	28	9	37	36
M. Oakley	30	12	42	38
	<u>147</u>	<u>50</u>	<u>197</u>	<u>192</u>

Number receiving expenses	<u>6</u>	<u>5</u>
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	£000s	£000s
Taxable expenses:		
Services (telephone, electricity, etc)	<u>16</u>	<u>14</u>
Reimbursed expenses:		
Travel	3	3
Hospitality	3	4
Other	13	5
	<u>19</u>	<u>12</u>
Total expenses:	<u>35</u>	<u>26</u>

The remuneration of, and pension provision for, clerical members of Chapter are paid in accordance with scales laid down annually by the Church Commissioners, the Archbishops' Council and the Church of England Pensions Board.

7. Investments

	Cathedral Unrestricted General Fund £000s	Cathedral Restricted Funds £000s	Other Restricted Funds £000s	Cathedral Endowment Funds £000s	Total Funds 2017 £000s	Total Funds 2016 £000s
Investments at market value 1 January	9,904	1,382	834	4,233	16,353	14,497
Net decrease on disposals	-	-	-	-	-	(3,000)
Net increase on additions	-	-	-	-	-	3,000
Net increase on revaluation	841	125	75	541	1,582	1,856
Investments at market value 31 December	10,745	1,507	909	4,774	17,935	16,353
Cash deposits at 1 January	2,205	-	-	-	2,205	2,168
Additions	103	-	-	-	103	37
Cash deposits at 31 December	2,308	-	-	-	2,308	2,205
	13,053	1,507	909	4,774	20,243	18,558

The Endowment Funds represent an investment in the Central Board of Finance of the Church of England (CBF) Investment Fund consisting mainly of quoted entities. The 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 investments 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.

8. Investment Property

	Cathedral Unrestricted £000s	Consolidated Restricted £000s	Total 2017 £000s	Total 2016 £000s
Valuation/Cost 1 January	7,720	1,723	9,443	9,399
Revaluation/Additions in the year	90	427	517	44
Valuation/Cost at 31 December	7,810	2,150	9,960	9,443
Depreciation at 1 January	-	1,134	1,134	1,102
Depreciation for year	-	32	32	32
	-	1,166	1,166	1,134
Valuation/Net Book Value at 31 December	7,810	984	8,794	8,309

The value of freehold investment properties at Tillingham Estate, Essex, is incorporated in the accounts under unrestricted funds. 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 2017 with an increase in valuation of £90,000 (2016 – a decrease of £130,000) being incorporated in these accounts.

During the year expenditure of £426,508 was incurred on the 'Learning in Harmony' School Development project and classified as expenditure on Investment Property. In prior years

expenditure on the project had been classified as 'Equipment and Plant'. The Net Book Value of the 'Learning in Harmony' project was £589,036 at the start of 2017 and this has been transferred from Equipment and Plant to Investment Property.

9. Return on Investments

9.1 Total Return on Investment Property

	2017	2016
	£000s	£000s
Gross rents	223	201
Expenses	(100)	(89)
	<u>123</u>	<u>112</u>
Increase/(Decrease) on revaluation	90	(130)
Total return on investment property	<u><u>213</u></u>	<u><u>(18)</u></u>

9.2 Total Return on Investments

	Equities	Variable	2017	2016
	£000s	Interest	£000s	£000s
	£000s	£000s	£000s	£000s
CBF Investment Funds - dividend income (Note 4)	176	0	176	145
CBF Deposit Funds - interest income (Note 4)	-	9	9	17
Gains on revaluation and disposals (Note 7)	1,582	-	1,582	1,856
Total return on investments	<u>1,758</u>	<u>9</u>	<u>1,767</u>	<u>2,018</u>

10. The Cathedral Building, its Ancillary Buildings and the Inventory

The building that is home to St Paul's Cathedral School is on a site adjacent to the Cathedral. Incorporating the tower of St Augustine, Watling Street, it was completed in 1967 and was awarded Grade II* listed status in 2007. Like the cathedral, the building is clad in Portland stone and lead is used to face the cantilevered attics at the top of the three four storey blocks. The design is effectively an abstracted version of the pilasters on the Wren façade.

The freeholds of the buildings described above are owned by Chapter.

Objects considered to be of architectural, archaeological, artistic or historic interest are recorded in the Inventory in accordance with the Care of Cathedrals Measure 2011. These objects are held primarily for use by the Cathedral in its mission or have been vested in Chapter over time and are held as part of the historic record of the Cathedral. Public access to them is available but stored items are accessible by appointment. No value is attributed to the Cathedral, ancillary buildings or items recorded in the Inventory as explained in the accounting policy note.

Chapter has a statutory duty under the Cathedrals Measure 1999 to manage and maintain the Cathedral, its contents and other buildings and monuments. The full quinquennial review by the Surveyor to the Fabric informs the programme of major restoration works to the Cathedral. Works are overseen by the Clerk of Works and the Surveyor to the Fabric.

The insurance for the building of the Cathedral and Chapter House is arranged on the basis of the probable largest loss from fire taking into account the fire engineering measures taken to limit the spread of fire. The figure is arrived at in conjunction with the Cathedral's insurers who have specialised expertise in this area. The contents are insured on the basis of modern replacements with no allowance for their possible heritage value. The Cathedral collections, library and archives are insured on a first loss basis to provide funds for their repair and restoration in the event of loss with no attempt to replace items other than perhaps a 'working theological library'. The other buildings including the school and those contents the property of the Dean and Chapter are insured on a reinstatement basis.

Conservation and Management of Heritage Assets

No value is attributed to the Heritage Assets as explained in the accounting policy note.

The Cathedral object collection is made up of approximately 3,500 items which were identified in 2004 as being of architectural, archaeological, artistic or historic interest and were added to the cathedral inventory. This includes: altars and fonts, architectural components, bells, casts, church plate, clocks and dials, coins, medals and seals, furniture, monuments, mosaics, musical instruments, prints drawings and paintings, sculpture, textiles and embroideries, vessels and ornaments and vestments. 52 of these items were high-lighted as being of outstanding significance. Some items, such as the Tyndale New Testament, have individual significance while others, such as the archaeological remains of the Pre-Fire cathedral also derive meaning as a group.

The Library Collection includes approximately 13,500 volumes, including printed books, tracts and manuscripts. These works which have accrued through purchases, bequests and donations largely from 1690 onwards, form a collection still used today by academics, students and researchers of all kinds. The Cathedral Archives comprise approximately 7,000 items on site and a deposit at London Metropolitan Archives of approximately 6,000 items. The archive includes plans, drawings and reports associated with the construction, maintenance and decoration of the building, key administrative documents including Pre-Fire charters and cartularies and Chapter Minutes. The Archive as a whole is designated as being of outstanding significance.

In July 2017 the Chapter acquired by gift, a seventeenth-century oil painting by Thomas Wyck, depicting the Great Fire of London.

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A stained-glass window, designed and made by Caroline Benyon and costing a total of £47,135 since it was first commissioned in 2014, was added to the Chapel of St Faith in the Cathedral crypt during 2017. The window was made to commemorate the centenary of the Order of the British Empire 1917-2017 and features appropriate iconography, emblems and a motto.

There were no disposals of heritage assets during the year.

11. Equipment and Plant

	2017 £000s	2016 £000s	2017 £000s	2016 £000s
	Cathedral	Cathedral	Group	Group
Cost at 1 January	874	865	1,382	1,358
Additions in the year	21	9	34	24
	<u>895</u>	<u>874</u>	<u>1,416</u>	<u>1,382</u>
Depreciation at 1 January	847	801	1,303	1,235
Depreciation for year	28	46	54	68
	<u>875</u>	<u>847</u>	<u>1,357</u>	<u>1,303</u>
Net book value at 31 December	<u>21</u>	<u>27</u>	<u>59</u>	<u>79</u>

Fixed assets include £1,021,841 of tangible fixed assets held within the restricted funds of the School (2016 - £51,724).

In prior years expenditure on the 'Learning in Harmony' School Development project had been classified as 'Equipment and Plant'. The Net Book Value of the 'Learning in Harmony' project was £589,036 at the start of 2017 and this has been transferred from Equipment and Plant to Investment Property.

12. Debtors - amounts falling due within one year

	2017 £000s	2016 £000s	2017 £000s	2016 £000s
	Cathedral	Cathedral	Group	Group
Trade debtors	301	221	414	362
VAT and Gift Aid tax recoverable	11	19	11	19
Grants receivable	727	615	727	617
Prepayments	116	88	234	179
Other debtors	154	270	213	642
Associated & Intercompanies	532	677	144	-
	<u>1,841</u>	<u>1,890</u>	<u>1,743</u>	<u>1,819</u>

13. Creditors - amounts falling due within one year

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	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
	Cathedral	Cathedral	Group	Group
Trade creditors	282	553	565	768
PAYE and National Insurance	200	182	200	182
VAT	363	286	363	286
Accruals and deferred income	744	564	966	782
Other creditors	182	167	222	543
Associated & Intercompanies	-	-	165	-
	<u>1,771</u>	<u>1,752</u>	<u>2,481</u>	<u>2,561</u>

14. Funds

	Movement in 2017					31/12/2017	
	01/01/2017	Investment revaluation	Property revaluation	Transfers	Other		Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted General Funds	16,143	841	90	2,000	1,178	4,109	20,252
Designated Pension Fund	2,000	-	-	(2,000)	-	(2,000)	-
Designated Special Projects Fund	2,000	-	-	-	-	-	2,000
Restricted Income Funds	2,104	125	-	-	(65)	60	2,164
Restricted - School	3,427	75	-	-	320	395	3,822
Endowment	4,233	541	-	-	-	541	4,774
Total	<u>29,907</u>	<u>1,582</u>	<u>90</u>	<u>-</u>	<u>1,433</u>	<u>3,105</u>	<u>33,012</u>

Restricted School funds relate to the accumulated assets under the management of the School governors under an Instrument of Delegation effective since 2005.

The designated fund of £2.00 million held under an agreement dated 13th March 2013 between the Cathedral and the Trustees of the St Paul's Cathedral defined benefits scheme was released into General Reserves during 2017 by agreement with the Trustees subject to a charge being made against the Tillingham estate.

A designated fund of £2.00 million was created by Chapter in 2016 to fund projects where a business case can be made showing that commensurate income or savings will be generated over a defined period of time, which can then be used to replenish the designated fund.

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.

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The balance of Restricted Income Funds above is comprised of the following amounts:

	2017	2016	
	£000s	£000s	Objects of the Fund
Tillingham Fund	389	350	Capital proceeds of sales
Spink Legacies	368	331	Middlesex Chapel
Music Fund	334	233	Music, Commissions, Tours, Special Events
Library Fund	254	228	Cathedral Library
Chorister Tuition Fees Fund	165	210	The Andrews Legacy
American Memorial Fund	154	141	Upkeep of the Chapel
Crewe Dean Fund	147	131	Exhibitions
Randolph Endowment & Ratcliffe Trust	96	87	Preachers' fees
Alexander Fund	77	70	Staff Emergency Welfare
Bill Viola Installation	75	106	Maintenance & Refurbishment costs to 2026
Right of Light - Chapter House	65	64	Chapter House Repairs
Middlesex Chapel Fund	23	25	Mother & Child Statue
Choristers Memorial Fund	12	12	Choristers Memorial
Lead Flashings Fund	5	5	Lead Flashings Work
Equal Access Project	-	100	OBE Donation
Institute Fund	-	6	Institute Director & Events
Stone Gallery Fund	-	4	Stone Gallery Project
Kuwait Memorial Plaque Fund	-	1	Kuwait Memorial Plaque
	<u>2,164</u>	<u>2,104</u>	

15. Reconciliation of Net Income/(Expenditure) to Net Cash Flow from Operating Activities

	2017	2016
	£000s	£000s
Net movement in funds in the period per SOFA	3,105	1,579
Income from property and investments	(408)	(363)
Property management costs	100	89
(Gains) on investments	(1,672)	(1,726)
(Additions) School Building Improvement	(427)	(174)
Depreciation charges in the year	86	101
(Increase) in stocks	(26)	(5)
Decrease in debtors	76	417
(Decrease)/Increase in creditors	(80)	790
(Increase) in investment cash	(103)	(39)
(Decrease)/Increase in provision for liabilities and charges	(19)	46
Net cash provided by operating activities	<u>632</u>	<u>715</u>

16. Analysis of Cash and Cash Equivalents

	2017	2016
	£000s	£000s
Cash at bank and in hand	<u>4,585</u>	<u>3,679</u>
Net cash and cash equivalents	<u>4,585</u>	<u>3,679</u>

17. Staff Pensions

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

Defined Contribution Scheme

A defined contribution pension scheme with Aviva is available to 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 £382,000 (2016 - £362,000).

Defined Benefit Scheme

The management of the Scheme funds, held in a separate trustee administered fund, is carried out by the trustees of the fund. The last set of audited accounts for the Defined Benefit Scheme to September 2017 show that of its pooled investment funds, 34% were managed by Legal and General Investment Management, 11% by BNY Mellon Fund Management Limited, 44% by BMO Global Asset Management, and 11% by Ruffer LLP, under a mandate from the trustees.

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.

The three yearly actuarial valuation of the Scheme as at 30 September 2016 was completed during 2017. 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 the Scheme had a target level of assets of £28.7 million. After taking account of its actual assets of £26.0 million, the Scheme had a deficit of £2.7 million which means its funding level was 91% in September 2016. However, by the time the valuation had been completed on 9th November 2017, the Trustee determined that the Scheme was expected to have a small surplus owing to improvements in financial markets and further contributions paid by the Cathedral. As a result of the surplus in the Scheme, the Trustee determined that no further contributions would be needed from the Cathedral before 30 September 2019 when the next three year actuarial valuation is due. The Employer was required to make additional contributions of £0.66 million per annum to the end of November 2017 to pay off the deficit. The designated fund of £2.00 million held under an agreement dated 13th March 2013 between the Cathedral and the Scheme was released into General Reserves during 2017 by agreement with the Trustee subject to a charge being made against over the Cathedral's property at Tillingham. The Trustee does not expect to call on this security, but this has been put in place in the unlikely event that the Cathedral is unable to support the Scheme in the future.

The results of the actuarial valuation as at 30 September 2016 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.

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The total return on the Scheme's assets over the year was £2,165,000 (2016 - £3,830,000). 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:

	2017	2016	2015
Retail price inflation	3.2% pa	3.3% pa	3.1% pa
Consumer price index	2.1% pa	2.2% pa	2.1% pa
Discount rate	2.4% pa	2.6% pa	3.8% pa
Pension increases in deferment (non-GMP)	2.1% pa	2.2% pa	2.1% pa
General salary increases	2.1% pa	2.2% pa	2.1% pa
Life expectancy of male/female aged 65	23.6/25.7	24.3/26.5	24.2/26.4
Life expectancy of male/female aged 65 in 20 years' time	25.4/27.4	26.6/28.8	26.5/28.6

Assets	2017		2016	
	Value	Allocation	Value	Allocation
	£000s	%	£000s	%
Equities	2,717	9	7,891	29
Gilts	-	0	-	0
Bonds	-	0	-	0
Real return and diversified growth funds	8,114	27	5,551	20
Dynamic Liability Driven Investment ('LDI')	16,871	56	12,333	44
Cash at bank	211	1	115	0
Insured pensioners	1,946	7	1,898	7
Fair value of plan assets	29,859	100	27,788	100
Present value of defined benefit obligation	(26,819)		(27,209)	
Unrecognised surplus	3,040		579	
Impact of asset ceiling	(3,040)		(579)	
Net pension deficit	-		-	

Movement in the net balance sheet position

Opening net liabilities	-	-
Expense charged to expenditure	32	38
Actuarial losses/(gains)	573	622
Employer contributions	(605)	(660)
Closing liabilities	-	-

Movement in present value of defined benefit obligation

Opening defined benefit obligation	27,209	22,437
Employers part of current service cost	41	50
Interest on plan liabilities	697	835
Actuarial (gains) losses due to		
Experience on benefit obligations	163	(22)
Changes in financial assumptions	935	4,831
Changes in demographic assumptions	(1,432)	-
Benefit payments	(794)	(922)
Closing defined benefit obligation	<u>26,819</u>	<u>27,209</u>

Movement in fair value of plan assets

Opening fair value of plan assets	27,788	24,226
Interest on plan assets	721	916
Actual return on plan assets less interest	1,444	2,914
Contributions by the employer	700	654
Benefit payments	(794)	(922)
	<u>29,859</u>	<u>27,788</u>

Movement in the impact of the asset ceiling

Effect of asset ceiling at the start of the period	579	1,789
Interest on asset limit	15	69
Change in asset limit other than interest	2,446	(1,279)
	<u>3,040</u>	<u>579</u>

18. Cathedral Clergy Pensions

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 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. It is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of £19,000 charged to the SoFA in 2017 are contributions payable towards benefits and expenses accrued in that year all of which are in respect of past liabilities.

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

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to 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% per annum on gilts and 4.6% per annum on return-seeking assets;
- RPI inflation of 3.2% per annum (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% per annum;
- 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 31st December 2015 valuation, a recovery plan was put in place until 31st December 2025 and the deficit recovery contributions payable (as a percentage of pensionable stipends) are set out in the table below.

% of pensionable stipends	January 2016 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

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Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2017	2016
Balance sheet liability at 1 st January	156,000	157,000
Deficit contribution paid	(21,000)	(20,000)
Interest cost (recognised in SoFA)	2,000	4,000
Remaining charge to the balance sheet liability* (recognised in SoFA)	0	15,000
Balance sheet liability at 31 st December	137,000	156,000

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

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

	December 2017	December 2016	December 2015
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase in total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

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

19. Auditor's Remuneration

	2017 £000s	2016 £000s
Auditor's services	<u>29</u>	<u>28</u>
	<u>29</u>	<u>28</u>

20. 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 £68,976 (2016 - £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 £158,738 (2016 - £156,781) were paid in respect of architectural services on a number of projects. In addition there were amounts owing to Caroe Architecture Limited at 31st December 2017 amounting to £27,436 (2016 - £54,323) and a further accrual has been included in these accounts for £70,568 (2016 - £95,530) in respect of work in progress. These amounts exclude VAT.

The Cathedral takes out insurance cover to indemnify the legal liabilities of individual trustees as members of Chapter, or any employee, for loss or environmental defence costs resulting from any wrongful act as trustee when carrying out any duty as trustee, or as an employee acting on behalf of a trustee.

The Very Revd Dr David Ison and Lay Canon Gavin Ralston 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 £742,720 (2016 - £944,718) of which the amount receivable at 31st December 2017 was £478,138 (2016 - £346,474).

21. 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.

22. Commitments and Operating Leases

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

	Computing & Office Equipment		Land & Buildings	
	2017 £s	2016 £s	2017 £s	2016 £s
Expiring between 1 - 5 years	13,307	12,257	425,000	510,000
	<u>13,307</u>	<u>12,257</u>	<u>425,000</u>	<u>510,000</u>

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

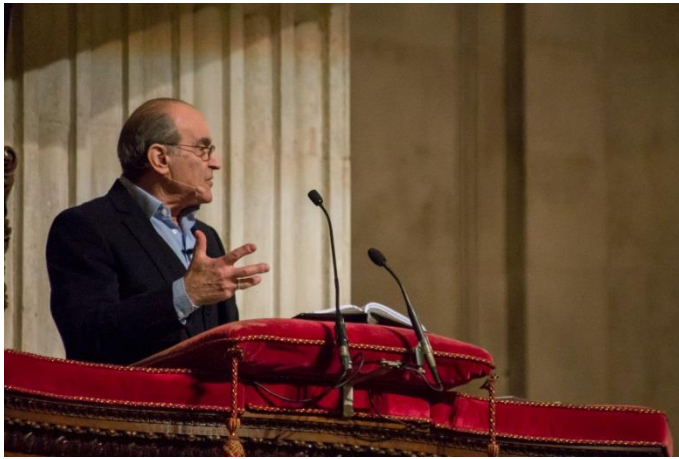
There are no other commitments for future expenditure. Neither are there any forward commitments or other outstanding contracts which are expected to result in losses which have not been provided for in the accounts.

23. Analysis of Financial Instruments

	2017	2016
	£000s	£000s
Financial assets measured at fair value through income & expenditure	20,243	18,558
Financial assets measured at amortised cost	6,083	5,298
Financial liabilities carried at amortised cost	(1,919)	(2,093)

**24. Consolidated Statement of Financial Activities for the year ended
31st December 2016**

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2016
	£000s	£000s	£000s	£000s
Income and Endowments from:				
Trading and fundraising	9,409	-	-	9,409
Charges and fees arising in the course of mission	618	3,539	-	4,157
Grants in support of mission	851	1,051	-	1,902
Donations and legacies	455	27	-	482
Investments	290	73	-	363
Total Income	11,623	4,690	-	16,313
Expenditure on:				
Cathedral and precincts upkeep	4,827	327	-	5,154
Education and outreach	708	3,325	-	4,033
Ministry	2,468	169	-	2,637
Raising funds	3,972	42	-	4,014
Total expenditure	11,975	3,863	-	15,838
Net income before investment gains	(352)	827	-	475
Net gains arising on investment assets	1,073	221	562	1,856
Net income after investment gains	721	1,048	562	2,331
Net (loss)/gain arising on investment properties	(130)	-	-	(130)
Actuarial (loss)/gain on defined benefit pension schemes	(622)	-	-	(622)
Net increase in funds	(31)	1,048	562	1,579
Funds brought forward	20,174	4,483	3,671	28,328
Funds carried forward	20,143	5,531	4,233	29,907



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 **St PAUL'S**
CATHEDRAL