

A photograph of St Paul's Cathedral in London, showing its iconic dome and classical architecture under a cloudy sky. The cathedral's facade features a portico with Corinthian columns and a pediment with a relief sculpture. A large clock tower is visible on the right side. The text 'St PAUL'S CATHEDRAL' is overlaid in the top right corner, with a logo of crossed keys and a 'D' above them.

St PAUL'S
CATHEDRAL

Annual Report
and Accounts 2018

Images:

Front cover:

St Paul's Cathedral, taken during the removal of the bells

Back cover - from top left:

Installation of Sarah Mullally as the Bishop of London, May 2018

Children take part in activities at Messy Cathedral, June 2018

Simon Johnson performs Holst's *The Planets* to a packed Cathedral, September 2018

The Bishop of London blesses the bells of St Paul's following their restoration, September 2018

An Adult Learning panel discussion on female disciples, October 2018

A young person reads at Inspire, a service for peace attended by schools, November 2018

Cleaning and

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

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS OF THE
CORPORATION OF THE CATHEDRAL CHURCH OF ST PAUL IN LONDON
(ST PAUL'S CATHEDRAL) FOR THE YEAR ENDED 31st DECEMBER 2018**

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The Dean's Report

We began 2018 reflecting on the December 2017 announcement that the Rt Revd Dame Sarah Mullally had been nominated as the next Bishop of London, which renewed people's focus on the life of the church in London and the role that St Paul's plays across the city. Bishop Sarah's installation, which took place in May 2018, was a moment of intense joy and celebration, reaffirming our bond with the Diocese and our aim to be of service to its people and parishes.

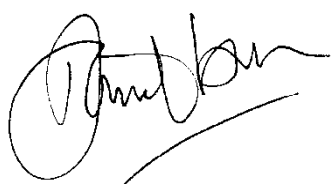
At the heart of our work remains our worship, both regular and special services, and in 2018 these included our annual diocesan and special services as well as Consecration services for four new bishops in July and November. Our liturgical team continues to develop creative, accessible and expressive services, such as the Evensong to mark 70 years of the Paralympic Movement and the 'Inspire' service for peace in November with over a thousand children in St Paul's participating along with 100,000 others at venues across the country. The Cathedral's musical tradition continues to thrive, and in April the Choristers embarked on a major tour of the USA to celebrate the 60th anniversary of the dedication of the American Memorial Chapel. This tour reinvigorated our relationship with St Paul's Cathedral Trust in America and we were fortunate to be hosted at a reception in Washington DC including the UK Ambassador and attended by Susan Eisenhower.

This year St Paul's Institute has been focusing on the theme 'Democracy and the Common Good', a crucial theme looking at how we can help encourage local and community actions to re-emphasise the value of the person and the common good, a crucial endeavour in our current political climate of uncertainty.

Following the appointment of a Director of Visitor Engagement in 2017 a strong team in this area has taken shape, and we look forward to developing our welcome and the experience of all our visitors, and to creating a more strategic and coordinated approach to programming and marketing.

Amongst Chapter, we bid farewell to Canon Mark Oakley and Canon Michael Hampel as they left for exciting new appointments, and welcomed Sheila Nicoll OBE to Chapter as Lay Canon with oversight of the Cathedral's finances, who brings her expertise as Head of Public Policy at Schroders and as an Elder at St Columba's, Church of Scotland.

Looking ahead, construction is expected to begin on the new facilities at the Cathedral school and the north transept ramp, delivering on a 30-year ambition to have a permanent accessible entrance to the Cathedral. The new school facilities will secure the future of choristerships at St Paul's and provide much needed classroom space. With the recent appointments of Dr Paula Gooder as Chancellor and Revd James Milne as Precentor, we welcome their expertise and insight as we develop our role as a centre of worship and in delivering positive change for the Cathedral and across London. We know that there is much to do, but we embrace these challenges, working alongside Bishop Sarah to support her vision for the common good in London.



The Very Revd Dr David Ison
Dean
15th May 2019

St Paul's Cathedral Directory

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

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

Address: London EC4M 8AD

Charity Taxation Number: X7067

The Corporation of the Cathedral Church of St Paul in London comprises its Chapter, Council and the College of Canons and falls under the requirements of the Cathedrals Measure 1999. The body that has core responsibility for administering the affairs of the cathedral is Chapter. Chapters are formed of both clergy and lay people, who act as trustees and manage a cathedral's affairs. The composition of Chapter varies slightly from cathedral to cathedral but the Dean and all Residentiary Canons are members, as are a number of other people whose numbers and methods of appointment are specified in a cathedral's governing documents, known as its Constitution and Statutes.

The Council of each cathedral meets at least twice a year to further and support the work of the cathedral and advise the Chapter. Its membership is again specified in the Constitution and Statutes. The Council is chaired by a lay person who is appointed by the diocesan bishop, and the bishop can attend and speak at the Council although she is not a member.

The College of Canons consists of the Dean and Residentiary Canons, suffragan bishops, archdeacons and honorary and lay canons. The College meets at least once a year to consider cathedral affairs.

Cathedrals are corporations aggregate established for spiritual purposes. Cathedrals have a charitable purpose as defined in the Cathedrals Measure 1999.

Cathedrals are not regulated by the Charity Commissioners in respect of their main activities but are regulated by their Visitors (the Cathedrals Measure 1999 makes the diocesan bishop the Visitor of her cathedral). However, Cathedrals qualify as charities for taxation purposes; HMRC treats cathedrals as exempt charities and enables them to recover sums under Gift Aid.

Should you wish further information, please visit:

<https://www.englishcathedrals.co.uk/cathedrals/about-cathedrals/how-is-it-administered/>

Chapter

Mrs Pim Baxter OBE, Lay Canon
The Revd Canon Jonathan Brewster, Treasurer
The Revd Canon Michael Hampel, Precentor (*to 16th November 2018*)
The Revd Canon Tricia Hillas, Pastor
The Very Revd Dr David Ison, Dean
The Revd Canon James Milne, Precentor (*from 9th May 2019*)
Ms Sheila Nicoll OBE, Lay Canon (*from 18th November 2018*)
The Revd Canon Mark Oakley, Chancellor (*to 31st August 2018*)
Mr Gavin Ralston, Lay Canon (*to 13th March 2019*)
The Ven Sheila Watson, Canon Non-Residentiary

In attendance:

Dr Paula Gooder, Chancellor (*from 23rd February 2019*)

Cathedral Council

Sir David Brewer KG, CMG, CVO, JP, Chair
The Very Revd Dr David Ison, Dean
The Revd Canon Jonathan Brewster, Treasurer
The Revd Canon Michael Hampel, Precentor (*to 16th November 2018*)
The Revd Canon Tricia Hillas, Pastor
The Revd Canon James Milne, Precentor (*from 9th May 2019*)
The Revd Canon Mark Oakley, Chancellor (*to 31st August 2018*)
Ms Sheila Nicoll OBE, Lay Canon (*from 18th November 2018*)
Mr Gavin Ralston, Lay Canon (*to 13th March 2019*)
Mr Christopher Allen
Mr Robert Bowles
Revd Prebendary Marjorie Brown (*from 1st November 2018*)
Mr James de Sausmarez
Mr Bernard Donoghue
Mr Richard Gough
Mr Paul Gray
Mr Simon Holden
The Revd Prebendary David Houlding (*to 1st November 2018*)
Ms Kathryn McDowell CBE
Ms Catherine McGuinness
Revd Prebendary Jonathan Osborne (*from 18th June 2018*)
The Rt Hon Stephen Timms MP
Mr Suleyman Wellings-Longmore (*to 7th March 2019*)

College of Canons

Chapter

Mrs Pim Baxter OBE, Lay Canon
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The Very Revd Dr David Ison, Dean
The Revd Canon James Milne, Precentor (*from 9th May 2019*)
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The Revd Canon Mark Oakley, Chancellor (*to 31st August 2018*)
Mr Gavin Ralston, Lay Canon (*to 13th March 2019*)
The Ven Sheila Watson, Canon Non-Residentiary

Area Bishops and Archdeacons

Bishop of Fulham (Suffragan)	The Rt Revd Jonathan Baker
Bishop of Stepney	The Rt Revd Adrian Newman (<i>to 31st December 2018</i>)
Bishop of Kensington	The Rt Revd Dr 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 Ric Thorpe
Archdeacon of London	The Ven Luke Miller
Archdeacon for the Two Cities	The Ven Rosemary Lain-Priestley (<i>to 1st January 2019</i>)
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
The Revd Prebendary Marjorie Brown
The Revd Prebendary Rosemia Brown
The Revd Prebendary John Brownsell (*to 31st January 2018*)
The Revd Prebendary John Coles (*to 31st January 2018*)
The Revd Prebendary Stephen Coles
The Revd Prebendary Gillean Craig (*to 30th September 2018*)
The Revd Prebendary Jeremy Crossley
The Revd Prebendary Irena Edgcumbe
The Revd Prebendary Peter Elvy (*to 1st January 2019*)
The Revd Prebendary Dr Neil Evans (*from 11th February 2018*)
The Revd Prebendary Alan Everett (*from 3rd June 2018*)
The Revd Prebendary Olwen Field
The Revd Prebendary Alan Green
The Revd Prebendary David Houlding

Prebendaries - continued

The Revd Prebendary Rose Hudson-Wilkin
The Revd Prebendary Dr Brian Leathard
The Revd Prebendary Nicholas Lee
The Revd Prebendary Charles Marnham
The Revd Prebendary Mark Melliush
The Revd Prebendary Hugh Moore
The Revd Prebendary Michael Moorhead
The Revd Prebendary Alan Moses
The Revd Prebendary Graham Noyce
The Revd Prebendary Jonathan Osborne
The Revd Prebendary Roy Pearson
The Revd Prebendary Julia Porter-Pryce
The Revd Prebendary Tunde Roberts
The Revd Prebendary Graeme Rowlands
The Rt Revd Ric Thorpe (*from 3rd June 2018*)
The Revd Prebendary John Wood (*to 1st August 2018*)

Administration

Registrar

Ms Emma Davies

Chapter Finance Committee

Ms Dheepa Balasundaram ACA, Interim Chief Finance Officer (*from 1st February 2019*)
The Revd Canon Jonathan Brewster, Treasurer (Chair)
Mr Stephen Cockell, Financial Adviser (*from 5th July 2018 to 30th August 2018*)
Ms Emma Davies, Registrar
The Very Revd Dr David Ison, Dean
Ms Helen Platts ACA, Chief Financial Officer (*to 31st January 2019*)
Mr Gavin Ralston, Lay Canon (Finance), (*to 13th March 2019*)
Ms Sheila Nicoll OBE, Lay Canon (Finance), (*from 18th November 2018*)
Mr Graham Ward CBE FCA, Financial Adviser (*to 5th July 2018*)
Mr Robert Ward MBE, Financial Adviser (*to 5th July 2018*)

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

Trust Bodies - continued

These bodies provide support for the Cathedral but are not consolidated in the Cathedral's annual financial statements 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 all members of Chapter, the Registrar 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
Finance, 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

Cathedral School

Governing Body*
Finance and General Purposes Committee*
Board of Trustees

***The Remuneration Committee is responsible only for the remuneration of clergy. Three of its eight members are independent of the Cathedral, with the Dean being the only member of clergy on the committee. 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 LLP
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 CMI 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 amended on 8th May 2019. There are no resulting changes from this change to the Financial Statements.

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 8th May 2019) 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 persons, 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. Any such person who is a Clerk in Holy Orders shall be a Canon Non-Residentiary of the Cathedral.

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

Structure - continued

member, she has the right to attend and speak at Council meetings. The Council met three times in 2018 and received the annual report and audited financial statements for 2017 and the annual budget for 2019.

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 financial statements, as well as discussing other matters raised by the members. The College of Canons met twice, first in January to elect the Bishop of London and then for its annual general meeting in June to receive the annual report and financial statements for 2018.

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 Finance, Audit & Risk Committee comprises not less than five members of whom the majority shall be independent lay people. At least one member of the Committee shall be a member of the Cathedral's clergy. It meets at least four times a year to monitor the effectiveness of the Cathedral's finance function; to review the Cathedral's annual budget, five-year financial performance and its financial performance; to review the Consolidated Annual Report and Financial Statements; to monitor the processes relating to the management of the Cathedral's overall risks and internal controls; to 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 financial statements which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities
- stating that they have complied in all material respects with the 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.

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

Objectives - continued

- 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 2018 we spent time assessing progress against this original strategy and reviewing our objectives for the next three years. We are currently undertaking a full review of our strategy, to ensure that the vision and values set out above are still appropriate for the Cathedral.

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 also continued to work across two vital cross-cutting issues:

- 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 opportunities are opening up for us which will help us deliver these cross-cutting themes. We are 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 2018 under each of the Cathedral's strategic themes are summarised below.

Liturgy, Music and Events

Our acts of daily worship remain at the heart of Cathedral life, underpinning all that we do. In 2018 over 416,000 people attended our regular services including around 12,000 in Holy Week and 38,000 at Advent and Christmas. Special services at the Cathedral were again of a wide variety, including the Festival of St Cecilia with the massed choirs of St Paul's, Westminster Abbey and Westminster Cathedral, the two-hundredth anniversary service for the Order of St Michael and St George, and Evensong to celebrate the 70th anniversary of the Stoke Mandeville Games and the birth of the Paralympic Movement, which included wheelchair fencing under the Dome. The Cathedral hosted a number of charity services and events which were offered at a reduced rate, amounting to around £95,000 in charitable giving.

One of the highlights of this year was the installation of the new Bishop of London, the Rt Revd and Rt Hon Dame Sarah Mullally, in May. This was a moment of great joy and celebration, an opportunity for the Diocese to join together in welcoming Bishop Sarah and to look ahead to the future of the church in London.

Liturgy, Music and Events - continued

November saw national commemorations for the centenary of the end of the First World War. In addition to the Cathedral's traditional remembrance services, St Paul's offered a number of services and events to reflect on this anniversary, including 'Inspire', an engaging service attended by 1,800 school pupils which encouraged them to be peacemakers, developed in collaboration with Oasis UK.

The Cathedral Choir has continued to offer world-class music both at services and concerts at the Cathedral and external engagements, including a major tour of the USA in April to celebrate the 60th anniversary of the dedication of the American Memorial Chapel. This included a special concert at the National World War II Museum in New Orleans with a talk by Peter Chapman, a chorister on the 1953 US Choir Tour and former Lay Canon.

Building on this American theme, we welcomed musicians from across the globe for a concert series entitled 'New Worlds: Music from America and beyond' which culminated in Simon Johnson's performance of Holst's *The Planets* to a packed Cathedral and with a special video message from the International Space Station.

The Cathedral's Music Outreach programme continues to develop with generous support, most recently from the Mayor of London's Young Londoners Fund. This support has secured a further three years of this project, as well as enabling significant expansion of this outreach work.

Theology, Education and Outreach

The Cathedral's Adult Learning events are about Christian formation, including prayer, the Bible, spiritual formation and learning. In 2018 these events ranged from considering identity and faith, female disciples, to an evening with the Bishop of London and an insightful pilgrimage through the Cathedral. Adult Learning events were attended by 5,300 people, with attendees from across the globe and others watching online with over 172,000 views online of Adult Learning events over the year, with another 44,600 listens to the audio podcasts.

With 2018 marking the centenary of women's suffrage, the Collections Department pursued the theme 'Women of Courage' which included talks on the women commemorated in St Paul's and on the Suffragettes activities at St Paul's. Women of Courage tours were also provided by guides and the Cathedral's history was presented at a Feminist Fete at the Tower of London.

In October the Collections Department arranged for a bust of the singer and activist Paul Robeson to be displayed under the Dome to mark the anniversary of his performance at St Paul's. Robeson was invited by John Collins, a Canon of the Cathedral, to sing at Evensong on 12th October 1958. His appearance raised funds for the Defence in the South African Treason Trials, in which 156 people, including Nelson Mandela, were accused of treason. The bust, created by the sculptor Jacob Epstein, was generously loaned by the York Museums Trust.

Linking into the wider Cathedral commemorations, the Collections Department gave a lunchtime talk on life at St Paul's during WWI, from the stories of volunteers and staff who left to serve in the war, to the practical preparations made to protect the fabric of the Cathedral. For the four-year

Theology, Education and Outreach - continued

centenary period, the WWI Altar Frontal was displayed on the Cathedral floor, seen by thousands and offering a space for reflection for all those affected by conflict.

Through our Schools and Family Learning activities we supported educational visits from over 26,000 school children and a further 2,600 people through family activities. We continue to develop our offer to families through the creation of bespoke workshops, including an early years project which was trialled in summer 2018. Other highlights included Messy Cathedral with Bishop Sarah, where the 12.30pm service was transformed into a 'messy Eucharist'.

In May the Cathedral held a themed 'Paddington at St Paul's' family day to coincide with the release of Michael Bond's final book (his memorial service was held at the Cathedral in 2017). Activities included storytelling, music workshops and craft focusing on the theme of welcome which is both at the heart of the Cathedral's mission and runs throughout the Paddington books.

In summer 2018 a new painting by artist Hughie O'Donoghue celebrating the life and witness of St Martin of Tours came to St Paul's on long-term loan, the result of a commission by the Imperial Society of Knights Bachelor in consultation with the Cathedral. The painting was installed in the chapel of the Imperial Society of Knights Bachelor, which is dedicated to St Martin, Patron Saint of the Society. Reminding us of the God-given dignity of every person, we hope this striking painting will be a source of reflection and prayer for all our visitors.

Pastoral, Community Engagement and HR

In 2017, the role of the Canon Pastor was re-evaluated to focus on the Cathedral's outward engagement to add to our work around inclusion, diversity and engagement with individuals, communities and agencies across London.

In August 2018, St Paul's Cathedral, jointly with the Diocese of London, appointed the Revd Mark Poulson to the newly-created role of Diocesan Coordinator for Presence and Engagement and Canon Non-Residentiary for Interfaith Relations. Mark was formerly the Secretary for Inter Religious Affairs to the Archbishop of Canterbury and National Inter Religious Affairs Adviser for the Church of England. Mark's love is London and he is keen to support the Bishop of London and the Cathedral by building and co-ordinating the critical work of interfaith relations here.

The first week-long residential of a pilot initiative for priests from Black, Asian and Minority Ethnic (BAME) backgrounds took place in October 2018, run jointly by St Paul's Cathedral and the Dioceses of London and Southwark. Designed to address historic and current under-representation of BAME clergy in senior leadership posts in London and elsewhere, this programme seeks to refine, promote and nurture amongst BAME priests the skills, confidence, experience and knowledge base needed to serve in senior roles.

St Paul's continues to receive requests from theological colleges and independent students for various kinds of placement to support ministerial training or development. Some of these placements involve participating in the life of St Paul's over an extended period of time; some are limited to a week or two but have included meeting key clergy and members of staff, attending different regular

Pastoral, Community Engagement and HR - continued

and special services and attending various meetings in a (mostly) observational capacity. It is an enriching experience if carefully managed and we continue to build fruitful relationships with Anglican theological colleges across the breadth of the Church of England.

In December, 16 people from across the Cathedral staff, together with the chaplain of Westminster Abbey, completed a two-day 'Mental Health First Aider' training programme delivered by Mental Health for England, organised by the Chaplain. This will be followed up in due course by convening a regular reflective practice group to review and refine the response to people in crisis – whether staff, volunteers, or visitors.

In 2018 St Paul's Institute's series of events focused on Democracy and the Common Good, seeking to emphasize the value of the person and the common good in order to arrive at a policy framework to help address the existing anxieties facing our society. To open the series, 90 students joined Michael Sandel and a packed Cathedral for a lively discussion on how we might promote a national conversation to address current widespread economic and cultural insecurity. In May, the Institute also launched its latest research paper entitled "Fair Pay for Fair Work: Looking at Executive Pay", which offers five clear recommendations on how to make executive pay more transparent and more just, sponsored by Friends Provident Foundation.

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.

Throughout 2018 the HR Department undertook a major pay review project to ensure that employees are paid a fair salary and to increase consistency and the evidence-base for our pay and to make these arrangements more transparent. This included an internal job evaluation across all roles and the development of a clear grading system, following by a relevant external pay benchmarking.

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.

2018 saw the completion of the bells restoration project. In June the bells were removed and taken for cleaning by John Taylor & Co. Bell Foundry in Loughborough whilst work also took place on the timber frame and bell chamber. Upon their return in September, the bells were rededicated and blessed by the Bishop of London and the Dean and rang again on 1st November, their 140th anniversary.

A significant focus for the Global Partnerships Team in 2018 was the 60th anniversary of the American Memorial Chapel, which included the launch of a new website for St Paul's Cathedral Trust in America and a number of events both in the US and at the Cathedral. These commemorations culminated in an anniversary Evensong attended by HRH The Duchess of Gloucester and the US Ambassador, Robert W Johnson.

Fabric, Finance, Security, IT and Income Generation - continued

During the latter part of 2018 significant progress was made in two major development projects. Work commenced on the Library Project, starting with a full decant of the library which saw 12,500 books and manuscripts cleaned, recorded, packed and moved off-site so that the environment can be monitored without the books present, and building works can take place without risk to the collection. The library environment continues to be monitored in early 2019 before work continues to clean and conserve the chamber and provide a new display case to enhance access to the collection.

Secondly, ten years in the planning, a clear development strategy has secured essential funds for the Equal Access Project, the building of a permanent accessible entrance at the north transept, which will enable construction to commence in 2019. This project sits at the heart of the Cathedral's mission of offering a welcome to all and is one of a number of ongoing schemes to improve accessibility at the Cathedral.

The number of paying visitors to the Cathedral increased by 8% in 2018 to over 880,000. The Visitor Engagement Team has been exploring new ways of improving and evaluating our visitors' experience through the appointment of an Audience Development Officer. During the October half term, we trialled a 'kids go free' offer to engage London-based families, working alongside the Schools and Family Learning Department who offered drop-in activities and workshops. Almost 3,000 children visited the Cathedral for free during half term, with a 60% increase in child visitors for that period compared to 2017. Of families surveyed during this period, the likelihood of recommending a visit to the Cathedral to family and friends was 9.75 (out of 10) compared to 8.63 from families during the latest visitor research.

To enhance our visitors' experience, new signage has been developed and installed on the Cathedral floor to improve way-finding and there is further work to be done in this area, for which completion is expected in 2019. Digital information screens have been placed at the west end entrances to enable agile and engaging communication to visitors and to improve the quality of welcome that the Cathedral gives to all its visitors.

Our commercial activities – the shop, catering and events – generated altogether a surplus of over £1 million in 2018. The catering operation performed less well than planned, and we are planning for a less ambitious return from the café and restaurant in 2019. However, the shop had a record turnover of just under £2 million, and it was a very good year for filming receipts.

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 2018 there were a total of 1.7 million paying and non-paying visitors to the Cathedral (2017 – 1.6 million) of whom around 688,252 attended congregational services and events (2017 – 678,702), 26,173 visited from schools (2017 – 24,384), with a further 284,890 non-paying visitors (2017 – 254,231) and 881,489 paying visitors (2017 – 817,173).

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 regularly reviewing progress in delivering the Cathedral's agreed priorities. This includes reporting delivery of the key programmes and projects set out in the Strategy 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 Chapter.

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.

Financial Review

London is an important international tourist destination attracting over 19 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 2018 was 881,000 – significantly higher than the 817,000 paying visitors we had in 2017.

Across the whole range of the Cathedral's activities, net assets had increased by £2.70 million from £33.01 million to £35.69 million at the end of 2018.

This increase mainly arose from an operating surplus of £2.45 million (2017 – £2.04 million) in addition to investment and actuarial gains of £0.22 million (2017 - £1.06 million).

Gross income for the year was £19.00 million, compared to £17.84 million in 2017. The major source of income came from commercial activities which include admission charges, the crypt shop and event income. This income increased by 9% from a level of £11.17 million in 2017 to £12.19 million. Gross income from charges and fees arising in the course of the Cathedral's mission was £4.52 million (2017 - £4.06 million). Grants receivable for the Cathedral were £1.30 million (2017 - £1.50 million). Revenue from donations and legacies was £0.58 million (2017 - £0.70 million), whilst income from the investment and property portfolios was £0.43 million for the year (2017 - £0.41 million). Total expenditure in the year was £16.54 million (2017 - £15.80 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 ("CBF")
- investments in which trustees may invest under the general powers of investment in the Trustee Act 2000

Financial Review - continued

- 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 £28.15 million (2017 - £29.04 million) of investment assets of which £14.79 million (2017 - £14.56 million) is held in investment units in the CBF investment fund and £3.19 million in investment units in the Ruffer Investment fund (2017 - £3.38 million), £2.27 million (2017 - £2.31 million) in CBF cash deposits managed by CCLA, and £7.90 million (2017 - £8.79 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 £2.27 million in cash deposits managed by CCLA, were £9.36 million at the end of the year (2017 - £6.90 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 2018 were 0.7% (2017 - 13.4%). The Ruffer investment fund losses for 2018 were 5.6% compared with a 3.0% return in 2017.

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 2018 was £3.73 million (2017 - £3.04 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 2018 work therefore continued to secure funding for key development projects including the School Development project, a new sound system and the Equal Access project.

Reserves

The Cathedral's total net assets were £35.69 million at the end of 2018 (2017 - £33.01 million).

During the year, additional designated funds were approved, namely:

- Fabric Fund £3.09 million – created to establish a long term investment which would generate income to pay for the maintenance and upkeep of the Cathedral and
- School Learning in Harmony Fund £1.78 million – to set aside funds committed to the St Paul's Cathedral School redevelopment, which will start in Summer 2019.

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 therefore £8.00 million.

The available 'free' reserves are the unrestricted reserves of the Cathedral less:

- the property assets of the Cathedral, specifically Tillingham, valued at £7.9 million, and
- the fixed assets of the Cathedral, with a net book value of £0.05 million at year end,

as they are not considered to be available for distribution or for use as working capital except in extreme circumstances.

By this definition, at the end of 2018, the target of £8.00 million for available 'free' reserves for the Cathedral had been exceeded by £1.6 million.

Plans for this amount has been incorporated into budget for 2019 and following years, and enable Chapter to dedicate resources to urgent fabric projects as well as funding activities in support of the Cathedral's pastoral and spiritual engagement programme and 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 2018 significant progress was made with the Equal Access project, with the completion of the tendering exercise for a contractor. This is a major milestone for a project which will see the delivery of both ramped and improved stepped access to the Cathedral. Construction work on the project is expected to start in 2019.

The Cathedral also participated in 'Disabled Access Day', a national event aimed at encouraging disabled people to visit places they have not visited before and to encourage destinations to showcase their accessibility. Delivered and initiated by our staff and volunteers, this annual event continues 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 our values - '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 for example with waste management recycling. In 2018, a new Main Boiler System was installed, which has proven to be approximately 50% more efficient in fuel use.

Key Risks

St Paul's maintains a risk register summarising its key risks, and a risk review is carried out by Chapter and the Finance, Audit & Risk Committee twice a year. 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

Key Risks - continued

- appropriate levels of liquid reserves to protect against 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.

- a serious safeguarding incident – mitigated by:
 - clear safeguarding policies and procedures for the Cathedral and the Cathedral School
 - rolling programme of training for all staff including volunteers and casual staff
 - DBS checks for relevant staff
 - a Safeguarding Advisory Group with an independent chair.
 - Additional resources during 2018

- 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:
 - access to an independent Health & Safety Advisor
 - additional resources agreed
 - staff training
 - departmental risk assessments carried out annually
 - risk assessments for all new fabric projects
 - regular meetings of the Health and Safety group, attended by the independent advisor
 - Public Liability insurance.

Going Concern

Chapter, having considered the current financial position, the budget for 2019 along with the financial projections for the five years to 2023 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 previous successes notwithstanding, the Cathedral still faces significant financial challenges. Although at the end of 2018 it had total net assets of £35.69 million, most of these were held in investments and property reflecting the Cathedral's long-term strategy for ensuring financial sustainability. It is

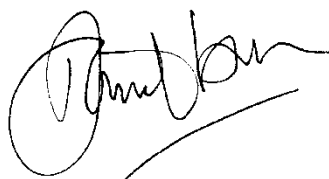
Plans for the Future - continued

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 £27.50 million over the next ten years.

Alongside these challenges, the Cathedral continues to examine how we can support the long-term sustainability of this iconic building that we have inherited and to steward and safeguard it in a way that remains faithful to the purpose for which it was created, to be a living Christian church which changes the lives of individuals and of society. We are committed to pursuing our mission in ways that are surprising, accessible and informed. Building on previous partnerships and outreach, we hope to develop further our work to create a step change in the way that social justice issues are heard and to bring people together around a common vision to deliver creative solutions and practical help around issues that are important to London and resonate across the world.

We believe that the best means of realising this objective is through the unity of fabric and mission, without which, we would not be able to fulfil our purpose as a living community of faith and ensures a richer, more coordinated approach to the Cathedral's work. Engaging in social justice begins to deliver our ambitious mission, demonstrates our reach, and shows our confidence in our vocation, whilst appealing to funders beyond the City of London.

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



The Very Revd Dr David Ison
Dean
15th May 2019

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

Opinion

We have audited the financial statements of St Paul's Cathedral for the year-ended 31 December 2018 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).

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 2018 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 13, 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.

Conclusions relating to going concern

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

- the 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.

Use of our report

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

Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Consolidated Statement of Financial Activities for the year ended 31st December 2018

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2018	Total Funds 2017
	Note	£000s	£000s	£000s	£000s	£000s
Income and Endowments from:						
Trading and fundraising		12,191	-	-	12,191	11,170
Charges and fees arising in the course of mission		770	3,750	-	4,520	4,058
Grants in support of mission		446	853	-	1,299	1,503
Donations and legacies		518	40	-	558	697
Investments		341	89	-	430	408
Total Income	4	14,266	4,732	-	18,998	17,836
Expenditure on:						
Cathedral and precincts upkeep		3,678	594	-	4,272	4,163
Education and outreach		597	3,515	-	4,112	4,224
Ministry		2,620	47	-	2,667	2,530
Raising funds		5,493	-	-	5,493	4,881
Total expenditure	5	12,388	4,156	-	16,544	15,798
Net income before investment gains		1,878	576	-	2,454	2,038
Net gains arising on investment assets	7	(155)	(38)	87	(106)	1,582
Net income after investment gains		1,723	538	87	2,348	3,620
Net gain arising on investment properties	8	90	-	-	90	90
Actuarial gain/ (loss) on defined benefit pension scheme	17	240	-	-	240	(605)
Net increase in funds	14	2,053	538	87	2,678	3,105
Funds brought forward	14	22,252	5,986	4,774	33,012	29,907
Funds carried forward	14	24,305	6,524	4,861	35,690	33,012

All of the above results were derived from continuing operations.

Notes 1 to 24 form part of these statements.

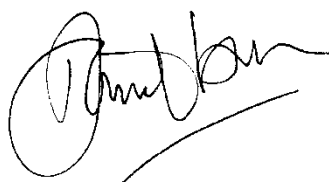
The Consolidated Statement of Financial Activities for 2018 is included at Note 24.

Consolidated Balance Sheet at 31st December 2018

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
		£000s	£000s	£000s	2018 £000s	2017 £000s
Fixed assets						
Investment assets						
Investments	7	13,010	2,378	4,861	20,249	20,243
Property	8	7,900	-	-	7,900	8,794
		20,910	2,378	4,861	28,149	29,037
Tangible fixed assets	11	49	1,217	-	1,266	59
Total fixed assets		20,959	3,595	4,861	29,415	29,096
Current assets						
Stocks		185	-	-	185	206
Debtors	12	1,324	118	-	1,442	1,743
Cash at bank and in hand		3,915	3,172	-	7,087	4,585
		5,424	3,290	-	8,714	6,534
Liabilities due within one year						
Creditors	13	(1,994)	(361)	-	(2,355)	(2,481)
Net current assets		3,430	2,929	-	6,359	4,053
Total assets less current liabilities		24,389	6,524	4,861	35,774	33,149
Liabilities due after one year						
Provisions for liabilities and charges		(84)	-	-	(84)	(137)
Total net assets	14	24,305	6,524	4,861	35,690	33,012

Notes 1 to 24 form part of these statements.

The financial statements on pages 28 to 59 were approved by Chapter on 15th May 2018 and signed on its behalf by:

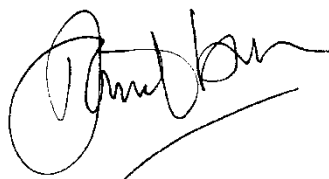


The Very Revd Dr David Ison
Dean

Cathedral Balance Sheet at 31st December 2018

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total Funds 2018 £000s	Total Funds 2017 £000s
Fixed assets						
Investment assets						
Investments	7	13,010	1,484	4,861	19,355	19,334
Investments in subsidiary undertakings:						
St Pauls Cathedral School		-	4,369	-	4,369	3,822
St Pauls Cathedral Enterprises Limited		150	-	-	150	150
Property	8	7,900	-	-	7,900	7,810
		21,060	5,853	4,861	31,775	31,116
Tangible fixed assets						
Equipment and plant	11	49	-	-	49	21
Total fixed assets		21,109	5,853	4,861	31,824	31,137
Current assets						
Debtors						
Amounts due from subsidiary undertakings		877	-	-	877	515
Other Debtors	12	1,182	-	-	1,182	1,326
Cash at bank and in hand		3,007	671	-	3,679	1,942
		5,066	671	-	5,738	3,784
Liabilities due within one year						
Other Creditors	13	(1,787)	-	-	(1,787)	(1,771)
		(1,787)	-	-	(1,787)	(1,771)
Net current assets		3,279	671	-	3,951	2,013
Total assets less current liabilities		24,389	6,524	4,861	35,774	33,149
Liabilities due after one year						
Provisions for liabilities and charges		(84)	-	-	(84)	(137)
Net assets		24,305	6,524	4,861	35,690	33,012

The financial statements on pages 28 to 59 were approved by Chapter on 15th May 2018 and signed on its behalf by:



The Very Revd Dr David Ison
Dean

Consolidated Cash Flow Statement for the year ended 31st December 2018

		2018	2017
Net cash provided by operating activities	15	2,621	632
Cash flows from investing activities			
Rents received net of costs	104	123	
Investment income received net of costs	201	185	
Purchase of plant and equipment	(270)	(34)	
Purchase of investments	(145)	-	
		(110)	274
Net cash provided by investing activities		2,512	906
Change in cash and cash equivalents		2,512	906
Cash and cash equivalents at the start of the reporting period		4,575	3,669
Cash and cash equivalents at the end of the reporting period	16	<u>7,087</u>	<u>4,575</u>

Notes to the accounts for the year ended 31st December 2018

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.

The financial statements 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 financial statements 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.

I. Accounting Policies - continued

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.

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 financial statements.

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. Accounting Policies - continued

j. Plant and Other Fixed Assets

Plant and other fixed assets 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 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.

I. Accounting Policies - continued

o. Pension Scheme Arrangements (also see Note 18)

Defined Benefit

The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined with the advice of 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 'actuarial gains or losses on defined benefit pension scheme'. 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 financial statements of St Paul's Cathedral Enterprises Limited (Enterprises) and the St Paul's Cathedral School have been consolidated in these audited financial statements of the Cathedral on a line-by-line basis in the Cathedral's consolidated financial statements, 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. Catering activities are carried out through an independent contractor. Turnover in the year was £2.92 million (2017 - £2.59 million), operating surplus was £1.22 million (2017 - £1.03 million) and net assets were £0.15 million (2017 - £0.15 million). The company is 100% owned by the Cathedral and 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. In 2018 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 159 in the year; there were also and 61 pre-prep children aged between 4 and 7 on the school roll. At the end of 2018 there were 106 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 £4.24 million (2017 - £4.03 million), the net income was £0.56 million (2017 - £0.39 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 2018.

St Paul's Cathedral School – Balance Sheet as at December 2018

	Total 2018 £'000s	Total 2017 £'000s
Fixed assets		
Investments	894	909
Tangible assets	1,216	1,022
Total fixed assets	<u>2,110</u>	<u>1,931</u>
Current assets		
Debtors	118	131
Cash at bank and in hand	2,892	2,353
Total current assets	<u>3,010</u>	<u>2,484</u>
Creditors: amounts falling due one year	(752)	(593)
Net current assets	<u>2,258</u>	<u>1,891</u>
Net assets	<u>4,368</u>	<u>3,822</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 financial statements.

St Paul's Cathedral Foundation (Charity Number 1082711)

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; and
- c) promoting the maintenance and development of the music of the Cathedral.

	draft 2018 £'000s	audited 2017 £'000s
Gross income	1,620	589
Net income	840	111
Grants paid to the Cathedral	766	433
Net current assets	2,414	1,493
Net assets	2,150	1,309

The Cathedral's financial statements for 2018 show grants of £804,328 from the Foundation. The difference of £38,268 relates to various small grant amounts accrued in the Cathedral's financial statements but not yet paid at year end in the Foundation's financial statements.

The City of London Endowment Trust for St Paul's Cathedral (Charity Number 284023)

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.

	draft 2018 £'000s	audited 2017 £'000s
Gross income	263	257
Net expenditure	(61)	(569)
Grants paid to the Cathedral	232	732
Net current assets	34	478
Net assets	9,966	10,607

The Cathedral's financial statements for 2018 also show grants of £232,000 from COLET.

3. Other Related Entities - continued

The Garfield Weston Trust for St Paul's Cathedral (Charity Number 265091)

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.

	draft 2018 £'000s	audited 2017 £'000s
Gross income	111	109
Net income/ (expenditure)	86	(332)
Grants paid to the Cathedral	nil	400
Net current liabilities	(244)	(2)
Net assets	4,417	4,406

No grants were paid to the Cathedral in the year. In the Trust's balance sheet is an accrual of £400,000 for a grant payable to the Cathedral for the Equal Access project, which is expected to be paid in 2019.

Friends of St Paul's Cathedral (Charity Number 261905)

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.

	draft 2018 £'000s	audited 2017 £'000s
Gross income	97	117
Net income/ expenditure	(19)	(285)
Grants paid to the Cathedral	47	319
Net current assets	387	406
Net assets	387	406

The Cathedral's financial statements for 2018 show grants of £70,050 from the Friends. This excludes a £10,000 donation received from the Friends but includes an accrual for a grant of £35,000 for 2018 to cover staff support costs incurred by the Cathedral and which was not included in the Friends financial statements for 2018.

3. Other Related Entities - continued

St Paul's Cathedral Chorister Trust (Charity Number 290205)

St Paul's Cathedral Chorister Trust is a registered charity established in 1984 to raise and apply funds for the advancement of musical education and musical studies and the preservation of the tradition of the choristers in the Cathedral choir by providing financial assistance in respect of the education of the choristers. The financial statements below are for years ending 31 August.

	2018	2017
	£'000s	£'000s
Gross income	202	371
Net income/ (expenditure)	113	(475)
Grants paid to the Cathedral & School	81	88
Net current liabilities	571	483
Net assets	2,193	1,964

The Chorister Trust balance sheet includes an accrual made in the year ended 31 August 2017 for a grant of £750,000 for the 'Learning in Harmony' School Development project, which has not yet been paid to the School.

St Paul's Cathedral Trust in America

St Paul's Cathedral Trust in America is a US based charity (a registered 501(c)(3) non profit organisation). The Trust raises funds vital for the conservation of the Cathedral and also contributes to the educational needs of the St Paul's Choristers.

	draft	audited
	2018	2017
	£'000s	£'000s
Gross income	136	57
Net income	29	21
Grants paid or payable to the Foundation	28	6
Net assets	59	36

4. Income

	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	£000s	£000s	2018 £000s	2017 £000s
Trading				
Charges to visitors	9,223	-	9,223	8,517
Gross income of shop, refectory and other activities	2,890	-	2,890	2,562
Gift Aid on Admissions	78	-	78	91
	12,191	-	12,191	11,170
Charges and fees arising in the course of mission				
Gross income of the St Paul's Cathedral School	-	3,750	3,750	3,465
Facility and other fees	770	-	770	593
	770	3,750	4,520	4,058
Grants in support of mission				
St Paul's Cathedral Foundation	87	718	805	389
COLET	226	6	232	232
OBE	32	6	38	73
Friends of St Paul's Cathedral	66	4	70	354
Other grants	35	119	154	455
	446	853	1,299	1,503
Donations and legacies				
Congregational collections and giving	386	-	386	370
Donations	122	40	162	205
Legacies	10	-	10	122
	518	40	558	697
Investments				
Property (Note 9.1)	229	-	229	223
Investments: (Note 9.2) Dividends	99	80	179	176
Interest	13	9	22	9
	341	89	430	408
	14,266	4,732	18,998	17,836

5. Expenditure on Mission

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2018 £000s	Total Funds 2017 £000s
Cathedral and precincts upkeep				
Major repairs and restoration (Note below)	490	586	1,076	1,156
General maintenance, utilities and upkeep	2,183	-	2,183	2,110
Collections, library and archives management	166	3	169	164
Cathedral insurance	224	-	224	207
Support costs (Note below)	615	5	620	526
	3,678	594	4,272	4,163
Education and outreach				
St Paul's Cathedral School	-	3,503	3,503	3,640
Institute and adult learning	248	-	248	259
Education department	188	12	200	157
Diocese	64	-	64	47
Charitable giving	9	-	9	38
Archives and library	2	-	2	2
Support costs (Note below)	86	-	86	81
	597	3,515	4,112	4,224
Ministry				
Music costs and congregational costs	978	47	1,025	899
Services	426	-	426	540
Housing, clergy stipends and expenses	419	-	419	272
Clergy support costs	417	-	417	471
Support costs (Note below)	380	-	380	348
	2,620	47	2,667	2,530
Raising funds				
Gross costs of shop, refectory and other activities	1,663	-	1,663	1,541
Costs of facilities for visitors	2,437	-	2,437	2,116
General marketing	112	-	112	152
Fundraising	359	-	359	281
Investment property (Note 8)	125	-	125	100
Support costs (see Note below)	797	-	797	690
	5,493	-	5,493	4,881
	12,388	4,156	16,544	15,798

5. Expenditure on Mission - continued

The expenditure totalling £1,076,000 (2017 - £1,156,000) incurred on major repairs and restoration related to:

	2018	2017
	£000s	£000s
Altarpiece	37	-
Audio Visual	-	12
Ballastrade	11	14
Bellringser' Chamber	372	28
Bill Viola installations	3	31
Crypt	43	-
Equal Access	104	122
Grand Organ Transmission	-	161
Library Renovation	104	8
OBE Chapel Windows	-	31
Other Miscellaneous Projects	45	20
Roof Repairs	193	62
School Redevelopment	135	-
Stone Gallery	29	667
	<hr/> 1,076	<hr/> 1,156

The support costs allocated above related to:

	2018	2017
	£000s	£000s
General Administration	433	359
Pension Scheme Administration	146	214
Finance	370	433
Human Resources	344	361
Pension scheme expense	240	-
Information Technology	350	279
	<hr/> 1,883	<hr/> 1,646

6. Staff Remuneration - Employees and Cathedral Clergy

	2018	2017
a Average number of employees during the year		
Cathedral:		
- Total number of employees	178	171
- Full-time equivalents	154	132
Clergy:		
- Total number of clergy	8	8
- Full-time equivalents	8	8
School:		
- Total number of employees	63	79
- Full-time equivalents	54	59
Enterprises:		
- Total number of employees	13	13
- Full-time equivalents	12	11
b Cathedral employee costs for the year		
	£000s	£000s
Salaries and stipends	6,345	5,826
National insurance costs	567	503
Pension contributions	430	381
	7,342	6,710
c School employee costs for the year		
	£000s	£000s
Salaries	2,175	2,113
National insurance costs	215	209
Pension contributions	235	243
	2,625	2,565
d Remuneration of higher paid staff		
(excluding employer's pension contributions)		
£60,000-69,999	9	6
£70,000-79,999	4	1
£80,000-89,999	-	1
£90,000-99,999	1	1
£100,000 - £109,999	1	-
£110,000 - £119,999	1	1

6. Staff Remuneration - Employees and Cathedral Clergy - continued

Key management personnel are considered to be the members of Chapter, whose remuneration is shown at Note 6f below, plus the Registrar and the School Headmaster who are not members of Chapter. The total remuneration (stipends, salaries and pension) of the key management personnel in 2018 was £405,790 (2017 – 401,658).

	£000s	£000s	£000s	£000s
	Stipend	Pension	Total	Total
D. Ison	36	12	48	47
P. Boardman	-	-	-	16
J. Brewster	29	9	38	16
M. Hampel	25	9	34	39
T. Hillas	29	9	38	37
M. Oakley	21	8	29	42
	<u>140</u>	<u>47</u>	<u>187</u>	<u>197</u>
Number receiving expenses			<u>5</u>	<u>6</u>
			£000s	£000s
Taxable expenses:				
Services (telephone, electricity, etc)			<u>25</u>	<u>14</u>
Reimbursed expenses:				
Travel			7	3
Hospitality			3	4
Other			10	5
			<u>20</u>	<u>12</u>
Total expenses:			<u>45</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	Cathedral Restricted Funds	Other Restricted Funds	Cathedral Endowment Funds	Total Funds 2018	Total Funds 2017
	£000s	£000s	£000s	£000s	£000s	£000s
Investments at market value 1 January	10,745	1,507	909	4,774	17,935	16,353
Net decrease on disposals	-	-	-	-	-	-
Net increase on additions	155	-	-	-	155	-
Net increase on revaluation	(155)	(54)	16	87	(106)	1,582
Investments at market value 31 December	10,745	1,453	925	4,861	17,984	17,935
Cash deposits at 1 January	2,308	-	-	-	2,308	2,205
Additions/ (disposals)	(43)	31	(31)	-	(43)	103
Cash deposits at 31 December	2,265	31	31	-	2,265	2,308
	13,010	1,484	894	4,861	20,249	20,243

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 2018 £000s	Total 2017 £000s
Valuation/Cost 1 January	7,810	2,150	9,960	9,443
Transfers	-	(2,150)	(2,150)	-
Revaluation/Additions in the year	90	-	90	517
Valuation/Cost at 31 December	<u>7,900</u>	<u>-</u>	<u>7,900</u>	<u>9,960</u>
Depreciation at 1 January	-	1,166	1,166	1,134
Transfers	-	(1,166)	(1,166)	-
Depreciation for year	-	-	-	32
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,166</u>
Valuation/Net Book Value at 31 December	<u>7,900</u>	<u>-</u>	<u>7,900</u>	<u>8,794</u>

Prior year comparatives

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

The value of freehold investment properties at Tillingham Estate, Essex, is incorporated in the financial statements under unrestricted funds. The Tillingham properties were valued on a red book basis for the purposes of the financial statements by Strutt and Parker, Chartered Surveyors, at 31st December 2018 with an increase in valuation of £90,000 (2017 – an increase of £90,000) being incorporated in these financial statements.

In prior years, the School had been classified as an investment property. In 2018, this has been reclassified to reflect this as a fixed asset.

9. Return on Investments

9.1 Total Return on Investment Property

	2018	2017
	£000s	£000s
Gross rents	229	223
Expenses	(125)	(100)
	104	123
Increase on revaluation	90	90
Total return on investment property	194	213

9.2 Total Return on Investments

	Equities	Variable Interest	2018	2017
	£000s	£000s	£000s	£000s
CBF Investment Funds - dividend income (Note 4)	179	-	179	176
CBF Deposit Funds - interest income (Note 4)	-	22	22	9
(Loss)/ gains on revaluation and disposals (Note 7)	(106)	-	(106)	1,582
Total return on investments	73	22	95	1,767

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

St Paul's is the first post-reformation Cathedral and is the only original Cathedral built in the classical style in Britain and completed under the auspices of a single visionary architect, Sir Christopher Wren, during his lifetime. The Cathedral exhibits many ingenious construction techniques and solutions including the brick cone that supports the outer Dome and the Great Chain construction of the Peristyle entablature. St Paul's contains the work of some of the best craftsmen of the late 17th and early 18th century – in stone by Caius Gabriel Cibber, Christopher Kempster and Francis Bird, in wood principally by Grinling Gibbons, ironwork both inside the Cathedral and the churchyard railings by Jean Tijou, and painting by Sir James Thornhill. St Paul's is the final resting place and memorial home to many significant national figures including Lord Nelson and the Duke of Wellington. The Cathedral stands in a site of considerable archaeological potential with known sequences of Roman stratigraphy to the present day with extensive burial remains. Arguably the most significant remains are of Old St Paul's Cathedral which can be traced inside and outside the standing fabric of the present Cathedral.

The neighbouring Chapter House, also designed by Wren, continues to serve as the administrative heart of the Cathedral. The entire group of buildings at Amen Court remains in residential use for the clergy of St Paul's Cathedral and also provides office accommodation for the Cathedral. It consists of three houses built in the 1670s and six Queen Anne Revival houses designed by Ewan Christian dating 1878-80.

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

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.

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

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

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.

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.

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. Fifty-two of these items were highlighted 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.

A new oil painting of St Martin of Tours by Hughie O'Donoghue RA, created for the chapel of the Imperial Society of Knights Bachelor, was unveiled in the crypt in July 2018.

There was no disposal of heritage assets in 2018.

11. Equipment and Plant

	2018	2017	2018	2017
	£000s	£000s	£000s	£000s
	Group	Group	Cathedral	Cathedral
Cost at 1 January	1,416	1,382	895	874
Transfers	2,150	-	-	-
Disposals	(829)	-	(829)	-
Additions in the year	270	34	41	21
	<u>3,007</u>	<u>1,416</u>	<u>107</u>	<u>895</u>
Depreciation at 1 January	1,357	1,303	875	847
Transfers	1,166	-	-	-
Disposals	(829)	-	(829)	-
Depreciation for year	47	54	13	28
	<u>1,741</u>	<u>1,357</u>	<u>59</u>	<u>875</u>
Net book value at 31 December	<u>1,266</u>	<u>59</u>	<u>49</u>	<u>21</u>

Fixed assets include £1,217k of tangible fixed assets held within the restricted funds of the School (2017 - £1,022k).

12. Debtors - amounts falling due within one year

	2018	2017	2018	2017
	£000s	£000s	£000s	£000s
	Group	Group	Cathedral	Cathedral
Trade debtors	430	414	343	301
Gift Aid recoverable	-	11	-	11
Grants receivable	472	727	472	727
Prepayments	227	234	120	116
Other debtors	152	213	85	154
Associated companies	162	144	162	17
	<u>1,442</u>	<u>1,743</u>	<u>1,182</u>	<u>1,326</u>

13. Creditors - amounts falling due within one year

	2018	2017	2018	2017
	£000s	£000s	£000s	£000s
	Group	Group	Cathedral	Cathedral
Trade creditors	592	565	340	282
PAYE and National Insurance	224	200	224	200
VAT	418	363	419	363
Gift Aid payable	11	-	11	-
Accruals and deferred income	658	966	376	744
Other creditors	203	222	167	182
Associated entities	250	165	250	-
	<u>2,356</u>	<u>2,481</u>	<u>1,787</u>	<u>1,771</u>

14. Funds

	01/01/2018	Income	Expenditure	Transfers	Net gain on investments & pensions	Property revaluation	31/12/2018
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Unrestricted General Funds	20,252	14,266	(12,388)	(4,870)	85	90	17,435
Designated Invest to Grow Fund	2,000	-	-	-	-	-	2,000
Designated Fabric Fund	-	-	-	3,090	-	-	3,090
Designated School LiH Fund	-	-	-	1,780	-	-	1,780
Restricted Income Funds	2,164	415	(402)	-	(22)	-	2,155
Restricted - School	3,822	4,316	(3,754)	-	(16)	-	4,368
Endowment Fund	4,774	-	-	-	87	-	4,861
Total	<u>33,012</u>	<u>18,997</u>	<u>(16,544)</u>	<u>-</u>	<u>134</u>	<u>90</u>	<u>35,689</u>

A designated fund, called Invest to Grow, 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.

A designated fund, the Fabric Fund, was created by Chapter in 2018 with a view to building a long term investment fund which could be used in the future to fund essential renewal and upgrade works required to the fabric of the Cathedral.

A third designated fund, the School Learning in Harmony Fund, was also created in 2018 to reflect the Cathedral's commitment to provide both a loan of £1m and a grant of £500,000 towards the redevelopment of the School under its Learning in Harmony project. The balance of £280,000 reflects an increase in the contingency to the project budget, which Chapter has agreed to underwrite.

Restricted School funds relate to the accumulated assets under the management of the School governors. 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.

14. Funds - continued

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

	2018	2017	
	£000s	£000s	Objects of the Fund
Tillingham Fund	393	389	Capital proceeds of sales
Spink Legacies	372	368	Middlesex Chapel
Music Fund	312	334	Music, Commissions, Tours, Special Events
Library Fund	254	254	Cathedral Library
Chorister Tuition Fees Fund	168	165	The Andrews Legacy
American Memorial Fund	106	154	Upkeep of the Chapel
Crewe Dean Fund	148	147	Exhibitions
Randolph Endowment & Ratcliffe	99	96	Preachers' fees
Alexander Fund	78	77	Staff Emergency Welfare
Bill Viola Installation	76	75	Maintenance & Refurbishment costs to 2026
Fishwick grant	63	0	Organ Scholar
Right of Light - Chapter House	50	65	Chapter House Repairs
Middlesex Chapel Fund	24	23	Mother & Child Statue
Choristers Memorial Fund	12	12	Choristers Memorial
Lead Flashings Fund	0	5	Lead Flashings Work
	2,155	2,164	

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

	2018	2017
	£000s	£000s
Net movement in funds in the period per SOFA	2,677	3,105
Income from property and investments	(430)	(408)
Property management costs	125	100
Losses/ (gains) on investments	16	(1,672)
(Additions) School Building Improvement	-	(427)
Depreciation charges in the year	47	86
Decrease/ (increase) in stocks	20	(26)
Decrease in debtors	301	76
Decrease in creditors	(125)	(80)
Decrease/ (increase) in investment cash	43	(103)
Decrease in provision for liabilities and charges	(53)	(19)
Net cash provided by operating activities	2,621	632

16. Analysis of Cash and Cash Equivalents

	2018	2017
	£000s	£000s
Cash at bank and in hand	7,087	4,585
Net cash and cash equivalents	7,087	4,585

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 1 October 2002, and was closed to service accrual for all existing members from 1 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 £430,000 (2017 - £382,000).

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 financial statements for the Defined Benefit Scheme to September 2018 show that of its pooled investment funds, 10% were managed by Legal and General Investment Management, 46% by BMO Global Asset Management, 15% by Newton Investment Management, 15% by Payden & Rygel Investment Management and 14% 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

17. Staff Pensions - continued

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 financial statements and therefore produce different results.

The total return on the Scheme's assets over the year was a loss of £1,155,000 (2017 - £2,165,000). The Scheme does not invest directly in property owned by the Cathedral or in financial securities issued by the Cathedral.

	2018	2017	2016	
Retail price inflation	3.2% pa	3.2% pa	3.3% pa	
Consumer price index	2.1% pa	2.1% pa	2.2% pa	
Discount rate	2.9% pa	2.4% pa	2.6% pa	
Pension increases in deferment (non-GMP)	2.1% pa	2.1% pa	2.2% pa	
General salary increases	2.1% pa	2.1% pa	2.2% pa	
Life expectancy of male/female aged 65	23.6/25.6	23.7/25.7	24.3/26.5	
Life expectancy of male/female aged 65 in 20 years' time	25.3/27.3	25.4/27.4	26.6/28.8	
Assets	2018		2017	
	Value	Allocation	Value	Allocation
	£000s	%	£000s	%
Equities	2,524	9%	2,717	9%
Absolute return bonds	7,966	28%	4,033	14%
Diversified growth funds	3,818	14%	4,081	14%
Dynamic Liability Driven Investment ('LDI')	11,997	43%	16,871	57%
Cash at bank	160	1%	211	1%
Insured pensioners	1,566	6%	1,946	7%
Fair value of plan assets	28,031	100%	29,859	100%
Present value of defined benefit obligation	(24,302)		(26,819)	
Unrecognised surplus	3,729		3,040	
Impact of asset ceiling	(3,729)		(3,040)	
Net pension deficit	-		-	
Movement in the net balance sheet position	2018		2017	
Opening net liabilities	-		-	
Expense charged to expenditure	278		32	
Actuarial (gains)/ losses	(240)		605	
Employer contributions	(38)		(637)	
Closing liabilities	-		-	

17. Staff Pensions - continued

Movement in present value of defined benefit obligation

	2018	2017
Opening defined benefit obligation	26,819	27,209
Employers part of current service cost	38	41
Interest on plan liabilities	636	697
Actuarial (gains)losses due to		
Experience on benefit obligations	(318)	163
Changes in financial assumptions	(2,289)	935
Changes in demographic assumptions	(113)	(1,432)
Benefit payments	(711)	(794)
Past service costs	240	0
Closing defined benefit obligation	24,302	26,819

Movement in fair value of plan assets

	2018	2017
Opening fair value of plan assets	29,859	27,788
Interest on plan assets	709	721
Actual return on plan assets less interest	(1,864)	1,444
Contributions by the employer	38	700
Benefit payments	(711)	(794)
	28,031	29,859

Movement in the impact of the asset ceiling

Effect of asset ceiling at the start of the period	3,040	579
Interest on asset limit	73	15
Change in asset limit other than interest	616	2,446
	3,729	3,040

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

18. Cathedral Clergy Pensions - continued

means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs of £47,634 charged to the Statement of Financial Activities in 2018 are contributions payable towards benefits and expenses accrued in that year all of which are in respect of past liabilities.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236m, based on assets of £1.308m and a funding target of £1.544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030 (with the remainder in return-seeking assets); and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit recovery contributions (as a percentage of pensionable stipends) are as 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%

The deficit recovery contributions under the recovery plan in force as at 31 December 2016, 31 December 2017 and 31 December 2018 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.

18. Cathedral Clergy Pensions - continued

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2017 and over 2018 is set out in the table below.

	2018 £'000s	2017 £'000s
Balance sheet liability at 1 January	137	156
Deficit contribution paid	(17)	(21)
Interest cost (recognised in SoFA)	2	2
Remaining change to the balance sheet liability* (recognised in SoFA)	(34)	0
Balance sheet liability at 31 December	88	137

* 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 2018	December 2017	December 2016
Discount rate	2.1% pa	1.4% pa	1.5% pa
Price inflation	3.1% pa	3.0% pa	3.1% pa
Increase to total pensionable payroll	1.6% pa	1.5% pa	1.6% pa

The legal structure of the scheme is such that if another Responsible Body fails, St Paul's Cathedral (London) could become responsible for paying a share of that Responsible Body's pension liabilities.

19. Auditor's Remuneration

	2018 £000s	2017 £000s
Auditor's services		
St Paul's Cathedral	16	15
St Paul's Cathedral School	10	10
St Paul's Cathedral Enterprises Ltd	4	4
	<u>30</u>	<u>29</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 £70,356 (2017 - £69,976). 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 £159,166 (2017 - £158,738) were paid in respect of architectural services on a number of projects. In addition there were amounts owing to Caroe Architecture Limited at 31 December 2018 amounting to £383 (2017 - £27,436) and a further accrual has been included in these financial statements for £25,736 (2017 - £70,568) 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 £874,378 (2017 - £742,720) of which the amount receivable at 31 December 2018 was £413,741 (2017 - £478,138).

21. Contingencies and Guarantees

There are no contingent liabilities of a material amount for which provision has not been made in the financial statements. 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:

	Land & Buildings		Computing & Office Equipment	
	2018 £000s	2017 £000s	2018 £000s	2017 £000s
Expiring between 1 - 5 years	340	425	30	12
	<u>340</u>	<u>425</u>	<u>30</u>	<u>12</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 financial statements.

23. Analysis of Financial Instruments

	2018	2017
	£000s	£000s
Financial assets measured at fair value through income & expenditure	20,250	20,243
Financial assets measured at amortised cost	8,302	6,083
Financial liabilities carried at amortised cost	(1,714)	(1,919)

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

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	£000s	£000s	£000s	£000s	£000s
				2017	2016
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	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	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	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	90	-	-	90	(130)
Actuarial loss on defined benefit pension schemes	(605)	-	-	(605)	(622)
Net increase in funds	2,109	455	541	3,105	1,579
Funds brought forward	20,143	5,531	4,233	29,907	28,328
Funds carried forward	22,252	5,986	4,774	33,012	29,907



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