

Annual Report
and Accounts
2016

 **St PAUL'S**
CATHEDRAL



Images:

Front cover:

St Paul's and the City, taken from St Bride's Church, Fleet Street, September 2016

Back cover - from top left:

The dome is illuminated to mark 350 years since the Great Fire of London, September 2016

A Cathedral volunteer gives a guided tour, June 2016

HM The Queen is greeted by Chapter at the service to celebrate her 90th birthday, June 2016

Simon Johnson conducts at the Grand Organ Gala, May 2016

A youth poetry event on the Cathedral floor, September 2016

St Paul's Organ Day, April 2016

Canon Tricia Hillas gives Communion at the Patronal Festival, January 2016

All pictures by Graham Lacdao.

REPORT AND CONSOLIDATED ACCOUNTS OF THE CORPORATION OF THE CATHEDRAL CHURCH OF ST PAUL IN LONDON (ST PAUL'S CATHEDRAL) FOR THE YEAR ENDED 31 DECEMBER 2016

Contents

4	Dean's Report
5	Cathedral Directory
11	Report of Chapter
	History
	Governance
	Structure
	Statement of Responsibilities of Chapter
	Objectives
	Liturgy, Music and Events
	Theology, Education and Outreach
	Fabric, Finance and IT
	Pastoral, Income Generation and HR
	Public Benefit
	Performance
	Financial Review
	Reserves
	Sustainability
	Principal Risks and Uncertainties
	Going Concern
	Plans for the Future
24	Auditor's Report
26	Consolidated Statement of Financial Activities
27	Consolidated Balance Sheet
28	Cathedral Balance Sheet
29	Consolidated Cash Flow Statement
30	Notes to the Accounts

The Dean's Report

2016 provided a full and varied calendar of services, events, community led initiatives and key projects with St Paul's continuing to pursue its vision across all areas of Cathedral life. All of our achievements through the year are a reflection of the initiative and energy shown by Chapter, staff and volunteers.

These included Her Majesty The Queen celebrating her 90th birthday, significant anniversaries of the Great Fire of London and the life of William Shakespeare, new artworks being installed, poetry events, Christian learning, more school children visiting us than ever before and St Paul's receiving an Eco Church award.

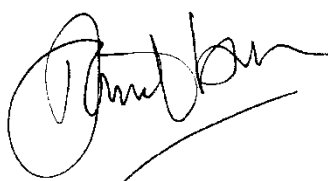
Behind the public gaze, 2016 saw the completion of a number of major projects. The refurbishment of the Crypt was finished and we also replaced boilers and renovated parts of the sound system and organ mechanism. Much of our success is dependent on the generosity of the individuals, organisations and charitable Trusts and Foundations who have continued to support our work. On behalf of everyone at the Cathedral I want to extend my thanks to them for this.

2016 will be remembered by many as a year of economic and political uncertainty along with concerns about security which have been felt in various ways by the Cathedral. While the weak pound has certainly benefited us in terms of overseas visitors, continuing questions about the status of foreign nationals have been a concern for many of our staff in this busy international city – a concern we share with them.

During the year we continued to build our capacity with a number of key appointments, and sharpen our governance – with this came a growth in confidence. Looking ahead, in 2017 we are investing in development, communications and marketing, to help us engage the communities around St Paul's and beyond with everything the Cathedral has to offer. We are also focusing on raising funds to enable us to maintain and restore the fabric of the Cathedral so it can continue to be enjoyed by this and future generations.

The two major capital projects we are working on are the provision of an equal access entrance on the north side of the Cathedral with new access arrangements – the first major fabric addition to the Cathedral since Wren – and a development project at the Cathedral School. This will enable us to continue to provide a high class education for children, along with the world class music which is freely and equally available to members of the public as part of the Cathedral's worship.

Our commitment to recognising the diversity of London within the Cathedral, and engaging with the whole of the city in partnership with our fellow cathedrals and churches in and beyond the Diocese of London, is a further expression of our passion for living out the Christian gospel of God's love and challenge in a vibrant and changing environment, as St Paul's has done for the last 1400 years.



The Very Revd Dr David Ison
Dean
31 May 2017

Cathedral Directory

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

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

Address: London, EC4M 8AD

Charity Taxation Number: X7067

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

Chapter

The Very Revd Dr David Ison, Dean

The Revd Canon Mark Oakley, Chancellor

The Revd Canon Michael Hampel, Precentor

The Revd Canon Philippa Boardman MBE, Treasurer *(to 31 May 2017)*

The Revd Canon Tricia Hillas, Pastor

Mr Gavin Ralston, Lay Canon

Mrs Pim Baxter OBE, Lay Canon

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

Cathedral Council

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

The Very Revd Dr David Ison, Dean

The Revd Canon Mark Oakley, Chancellor

The Revd Canon Michael Hampel, Precentor

The Revd Canon Philippa Boardman MBE,
Treasurer

The Revd Canon Tricia Hillas, Pastor

Mr Gavin Ralston, Lay Canon

Mr Christopher Allen

Mr Robert Bowles *(from 24 November 2016)*

Mr James de Sausmarez

Mr Bernard Donoghue

Mr Richard Gough

Mr Paul Gray

The Revd Prebendary David Houlding

Ms Kathryn McDowell CBE

Mrs Catherine McGuinness

The Revd Prebendary Guy Pope

The Rt Hon Stephen Timms MP

(from 11 February 2016)

Mr Ian Woodall

College of Canons

Chapter - as above

Area Bishops and Archdeacons

The Bishop of Stepney	The Rt Revd Adrian Newman
The Bishop of Kensington	The Rt Revd Graham Tomlin
The Bishop of Edmonton	The Rt Revd Robert Wickham
The Bishop of Willesden	The Rt Revd Peter Broadbent
The Bishop of Islington (Suffragan)	The Rt Revd Richard Thorpe
The Bishop of Fulham (Suffragan)	The Rt Revd Jonathan Baker
The Archdeacon of Hampstead	The Ven John Hawkins
The Archdeacon of Middlesex	The Ven Stephan Welch
The Archdeacon of Northolt	The Ven Duncan Green
The Archdeacon of Hackney	The Ven Elizabeth Adekunle (<i>from 3 May 2016</i>)
The Archdeacon of London	The Ven Luke Miller (<i>from 3 May 2016</i>)
Associate Archdeacon of London	The Ven Rosemary Lain-Priestley (<i>from 3 May 2016</i>)

Prebendaries

The Revd Prebendary Francis Adu-Boachie (<i>from 8 January 2017</i>)	The Revd Prebendary Nicholas Lee (<i>from 6 March 2016</i>)
The Revd Prebendary Rosemia Brown	The Revd Prebendary Charles Marnham
The Revd Prebendary John Brownsell	The Revd Prebendary Mark Melluish
The Revd Prebendary John Coles	The Revd Prebendary Nick Mercer (<i>to 7 January 2017</i>)
The Revd Prebendary Stephen Coles	The Revd Prebendary Hugh Moore
The Revd Prebendary Gillean Craig (<i>from 6 March 2016</i>)	The Revd Prebendary Michael Moorhead
The Revd Prebendary Jeremy Crossley (<i>to 31 August 2016</i>)	The Revd Prebendary Alan Moses
The Revd Prebendary Andrew Davis	The Revd Prebendary Graham Noyce (<i>from 8 January 2017</i>)
The Revd Prebendary Dr Karowei Dorgu (<i>from 6 March 2016 to 16 March 2017</i>)	The Revd Prebendary Jonathan Osborne
The Revd Prebendary Irena Edgcumbe (<i>from 6 March 2016</i>)	The Revd Prebendary Clive Pearce (<i>deceased 26 March 2016</i>)
The Revd Prebendary Peter Elvy	The Revd Prebendary Roy Pearson
The Revd Prebendary Olwen Field	The Revd Prebendary Guy Pope
The Revd Prebendary Alan Green	The Revd Prebendary Tunde Roberts
The Revd Prebendary The Lord Green of Hurstpierpoint	The Revd Prebendary Graeme Rowlands (<i>from 25 February 2016</i>)
The Revd Prebendary David Houlding	The Revd Prebendary Jonathan Trigg (<i>to 31 January 2017</i>)
The Revd Prebendary Rose Hudson-Wilkin	The Revd Prebendary John Wood (<i>from 8 January 2017</i>)
The Revd Prebendary Dr Brian Leathard	

Administration

Registrar

Emma Davies

Chapter Finance Committee

The Revd Canon Philippa Boardman MBE, Treasurer, Chair (*to 31 May 2017*)

The Very Revd Dr David Ison, Dean

Emma Davies, Registrar

Mr Martin Pennington, Head of Finance (*retired 17 May 2016*)

Helen Platts, Interim Head of Finance (*appointed 18 May 2016*)

Mr Gavin Ralston, Lay Canon (Finance)

Mr Graham Ward CBE, MA, FCA, Financial Adviser

Mr Robert Ward MBE, Financial Adviser

Trust Bodies

City of London Endowment Trust for St Paul's Cathedral

The Friends of St Paul's Cathedral

Garfield Weston Trust for St Paul's Cathedral

St Paul's Cathedral Chorister Trust

St Paul's Cathedral Foundation

St Paul's Cathedral Trust in America

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

Fabric Advisory Committee

Appointed by Chapter:

Mr William Corbett (*resigned 23 February 2016*)

Mr Martin Drury CBE

Dr Jennifer Freeman OBE
(*appointed 1 May 2016*)

Mr John Neale

Miss Virginia Tandy OBE

Mr Rory Young

Appointed by the Cathedrals Fabric Commission for England:

Mr Chris Cowper

Dr Derek Keene

Mr Sandy Nairne CBE (Chair)

Professor Christine Stevenson
(*appointed 1 May 2016*)

Mr Paul Williams

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

Other Bodies

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

Finance

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

Fabric

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

Security, Access and Health & Safety

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

Liturgy and Music

Welcome, Worship and Events

Education

Institute Advisory Board*

Commercial

St Paul's Enterprises Board

Employee and Volunteer Engagement

Staff Consultative Committee
Volunteer Guide Team Leaders Meeting

Cathedral School

Governing Body*
Finance and General Purposes Committee*

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

External Advisors

Bankers

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

Statutory Auditor

haysmacintyre
26 Red Lion Square
London WC1R 4AG

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



Pupils from the Cathedral School in the Palm Sunday procession, March 2016

A visitor is given a touch tour during Disabled Access Day, March 2016



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 1711, 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 13 April 2000 and were recently amended on 1 February 2016. The effect of this recent change on the accounts is minimal.

Structure

The governing body of the Corporation is the Chapter, who meet on average 20 times a year. From time to time, Chapter invite key personnel and department heads to those meetings to review proposals or recommendations put forward for authorisation.

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

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

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

The Cathedral Council furthers and supports the work of the Cathedral - spiritual, pastoral, evangelistic, missionary, social and ecumenical - and reviews and advises upon the direction and oversight of that work by Chapter. The Bishop of London, Chapter and College of Canons have responsibilities for appointing a specific number of members. Although the Bishop of London is not a

member, he has the right to attend and speak at Council meetings. The Council met three times in 2016 and received the annual report and audited accounts for 2015 and the annual budget for 2017.

The College of Canons deals with the election of the Bishop and advises the Bishop when requested. It also receives and considers the annual report and audited accounts, as well as discussing other matters raised by the members. The College of Canons met twice, first for St Paul's Tide, and then for its annual general meeting in May to receive the annual report and accounts for 2015.

There are two Minor Canons and a 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.

In 2016 a new Audit & Risk Committee was established to review the Consolidated Annual Report and Accounts, monitor the processes relating to the management of the Cathedral's overall risks and internal controls, oversee the appointment of the external auditors and consider issues of probity and conduct.

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

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

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

Statement of the Responsibilities of Chapter

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

- Preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities

- Stating that they have complied in all material respects with the Accounting and Reporting Regulations issued in February 2015 by the Cathedrals' Administration and Finance Association in conjunction with the Association of English Cathedrals, or describing which recommendations have not been complied with and giving reasons for the non-compliance
- Following applicable accounting standards and selecting suitable accounting policies and then applying them consistently
- Making judgements and estimates that are reasonable and prudent
- Keeping proper accounting records from which the financial position of the Cathedral can be ascertained at any time
- Safeguarding the assets of the Cathedral and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives

The aims of the Cathedral are described in our Strategic Plan for 2013 - 2018. This included a new vision to guide 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
- As a community of worshippers, staff and volunteers we work with care and imagination to be a centre for welcome, worship and learning which inspires successive generations to engage with the richness of the Christian faith and its heritage
- We aim to do this with confidence, compassion and creativity, promoting dignity and justice for everyone
- We work with the Bishop and Diocese of London and the wider church, as a spiritual focus for London, the nation and the world.

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

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

During 2016 we spent time assessing progress against this original strategy and reviewing our objectives for the next three years. We have agreed to undertake a full review of the strategy in 2018, and that the vision and values set out above are still appropriate for our latest Mission directed Business Plan which we finalised at the start of 2017.

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
- Fabric, Finance and IT
- Pastoral, Income Generation and HR.

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

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

Achieving these aims will further the legal purposes of the Cathedral by ensuring St Paul's is a vibrant centre for worship and mission, and able to provide excellent support to the Bishop of London in his work across the Diocese and beyond.

Our achievements during 2016 under each of the Cathedral's strategic themes are summarised below.

Liturgy, Music and Events

We continued to ensure worship in the Cathedral was inspiring and engaging through the design of our services and contact with the congregation before, during and after services. Over 470,000 people attended our services in 2016 including 15,000 in Holy Week and 46,000 during Advent. In 2016 we held seven diocesan events and 64 special services attended by over 80,000 people. St Paul's benefits from a fine choral tradition led by our own talented choirs, which are at the very heart of the Cathedral's worship and concerts. These include the choristers whose education at St Paul's Cathedral School is paid for by the Cathedral.

We continued to develop new forms of external worship with eight events being held outside the Cathedral, including the Stations of the Cross every Friday in Lent. Over 120 other events were held at the Cathedral during 2016 attended by 30,000 people. People of all ages with disabilities visited St Paul's for free on Disabled Access Day in March. We continued to give high priority to the ethnic and gender diversity of people participating in our services. On All Saints' Day - at which the Fauré Requiem was performed by the Cathedral Consort and the City of London Sinfonia - we held a special service to celebrate black and minority ethnic saints around the world. We again set aside the Saturday Advent procession for parish groups and the Cathedral clergy gave significant support to parishes in interregnum or during clergy holidays as well as through invitations to preach at St Paul's.

In June 2016 the national service of thanksgiving was held at St Paul's for HM The Queen's 90th birthday. Prayers were read by a number of people representing various aspects of the Queen's life including Hilda Price who was born on the same day in 1926. Sir David Attenborough spoke words written by Michael Bond on the passing of the years – both men were also celebrating their 90th birthdays. Representatives of world faiths also helped celebrate the service.

We delivered an ambitious programme of free concerts during the year, including our annual performances of the Messiah, the St John Passion and the Celebration of Christmas concert, attended by a total of over 6,000 people. Our four orchestral masses with the Cathedral Choir and City of London Sinfonia attracted 8,000 people. Four celebrity organ recitals performed by some of the world's finest organists took place alongside our annual programme of free Sunday organ recitals. The overhaul of the organ, started in 2008, was completed in 2016 with the replacement of

the digital transmission system. OBE funding enabled us to deliver our Organ Outreach programme and begin a new music outreach programme. Four recording sessions were held with the Cathedral Choir for a new Decca CD – ‘Jubilate 500 Years of Cathedral Music’ – released in March 2017.

Theology, Education and Outreach

The Cathedral’s Adult Learning events are about Christian Formation, including prayer, the Bible, spiritual formation and learning. In 2016 our thirty Adult Learning events were attended by 7,500 people, with 45,000 views of our webcasts. Half the events were free and half charged at cost. A bursary scheme was used by 25% of people coming to our charged-for events.

We enhanced our online access to Collections by additions to the public access catalogue, the Mosaics Online project and collaboration with Google which delivered virtual access to Collections items including the interior of the Great Model. We delivered the Out of the Fire project commemorating the 350th anniversary of the Great Fire of London with walks, talks and tours, special sermons and 17th century music, debates and a conference. There was also the rare chance to take photos in St Paul’s.

In 2016 St Paul’s Institute launched its first group of Associates to bring new voices into its work. Six people were invited to participate because of their longstanding commitment to questions of morality and ethics and how these relate to finance, business and the economy. The Institute also launched the JustWater programme in partnership with cathedrals and churches on four continents to celebrate, protect and ensure equal access to the gift of water for all. The Institute set up ‘Meaningful Work’ panels and workshops with LSE students and staff, new format Dialogue events for senior executives and the twice-yearly Clergy learning day. The Institute continued to increase its profile through social media, published articles and outside speaking engagements and improvements to the website.

Through our Schools & Family Learning activities we supported visits from over 25,000 children and young people in 2016. The Cathedral was involved in creative curriculum development including sixth form Art and Spirituality days, a Street Art project and poetry workshops. We piloted visits from Teacher Training Colleges and INSET days with schools. We also delivered Parish Youth Days, designed Family Trails and held a Diocesan Storytelling event.

St Paul’s is pleased to have an active Visual Arts programme that seeks to nurture the faith and imagination of the worshippers who come to the Cathedral as well as provoking reflection and response from all those who visit. Over the last few years temporary installations have included John Pawson’s *Perspectives*, Nicola Hicks’ *Sorry, Sorry Sarajevo*, Sokari Douglas Camp’s *All the World is Now Richer* and Gerry Judah’s *Commemorative Crosses*. 2016 saw the development of the programme with Stanley Spencer’s *Poppies* and Ian Hamilton Finlay’s *L’etoile dans l’etable* being displayed.

We were thrilled that the British Museum kindly loaned us the Lampedusa Cross for Refugee Sunday. It was placed on the altar during services and we welcomed the Italian carpenter, Francesco Tuccio, who shaped it from pieces of a boat that was shipwrecked off his island and in which 360 men, women and children died. At the same time there was a temporary display by the Joint Council for Refugees which showed blue plaques of 56 famous refugees. 2016 also saw the completion of the two-phase installation of new works by the video artist Bill Viola. *Martyrs: Earth, Wind, Fire and Water*

was unveiled in 2014 and *Mary* was installed in September 2016. These works are owned by the Tate Gallery and are on permanent loan to the Cathedral. The Schools and Family Learning department purposefully engages our young visitors with the art in the Cathedral and in many activities and workshops that encourage artistic creativity and encounter.

Fabric, Finance and IT

We undertook a number of significant development projects in 2016 including refurbishment of the shop and WCs, funded by a £1 million legacy, along with a full redecoration of the Crypt. This included upgrading our staff facilities. We also replaced the Cathedral boilers. A new temporary ramp was installed in autumn 2016, funded by the Friends, and money has been secured from the OBE for the design and development of proposals for a permanent ramp at the North Transept. Negotiations are underway with the City Corporation for better access and drop-off facilities for people with disabilities. The 2014 Quinquennial Inspection Review is providing the basis for the Cathedral's fabric repair and maintenance programme and the fundraising that needs to take place to support this.

We continued to review our back office functions and other support costs, to achieve efficiencies where appropriate. This included reviewing our finance function and the re-tendering of external audit which resulted in the appointment of haysmacintyre. We continued to improve our engagement with technology through the use of phone apps, webcasts of the Cathedral, and introduced a common system of diary management.

Pastoral, Income Generation and HR

In 2016 we refreshed the role of Chaplain and recruited to the role. We developed the pastoral team of chaplains and made links with partner agencies so we can signpost people to specialist agency support. We affirmed and supported the role of lay staff in giving pastoral care and provided training to support them with this. We also formally addressed staff concerns round the legacy of the protest camp in 2011 and more recent changes at the Cathedral. Following the appointment of the Training Officer, induction training has been strengthened and we have developed and launched a volunteering strategy.

We have maintained our existing supporter base through our fundraising and development activities and inspired additional support from more than 400 new Friends, Fellows, Patrons, commercial sponsors and grant-making trusts and Foundations including the Livery Companies. This delivered more than £2 million in additional income in 2016. We also recruited a new Executive Director of Global Partnerships to lead our fundraising efforts.

The number of paying visitors increased by 2% in 2016, to just over 700,000. Staff in our Visitor Services, Visits and Admissions teams supported new arrangements for Sunday and late night openings and our Cathedral floor security measures were strengthened significantly during the year. There was consistent growth in the volume (1%) and value (12%) of travel trade visits and our on-line ticket sales doubled. There was also an increase in pre-booked tickets. We significantly increased our engagement with social media and launched St Paul's on Instagram.

Our commercial activities – the shop, catering and events – continued to flourish, with over £500,000 profits being generated in 2016, in spite of the work being undertaken on the refurbishment of the Crypt. This included the redesign of the shop. The catering contract was re-tendered in 2016 with new caterers, Searcy, being appointed from January 2017. These changes mean that we expect to deliver more than £1 million profits annually from 2017 to fund other Cathedral activities.

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 2016 there were a total of 1.4 million paying and non-paying visitors to the Cathedral (2015 – 1.3 million) of which over 475,000 attended congregational services and events (2015 – over 450,000).

Performance

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

Chapter has made a commitment to reviewing progress in delivering the Cathedral's agreed priorities by reporting at least twice a year on delivery against the objectives in the latest Mission directed Business Plan. This includes reporting delivery of key programmes and projects in respect of cost, quality and timeliness. This is underpinned by steps taken during 2016 to strengthen project management at the Cathedral with this being overseen by a new Programme Board.

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

In 2017 the Cathedral will ensure that it assesses the extent to which people participating in the life of the Cathedral match the general profile of the population, for Greater London and the UK more widely. Chapter has also agreed to review the extent to which St Paul's engages with London, including the London Diocesan Office, churches in the Diocese, Christians in the Diocese and also the wider population of London.

Financial Review

London is an important international tourist destination attracting over 18 million tourist and business visitors each year. St Paul's plays a significant role as one of the leading London attractions and continues to be highly dependent on income from visitors to support its mission. The number of paying visitors for 2016 was 702,000 – slightly higher than the 686,000 paying visitors we had in 2015.

Across the whole range of the Cathedral's activities, net assets increased by £1.58 million from £28.33 million to £29.91 million over the course of the year.

This increase mainly arose from a revaluation surplus of £1.73 million (2015 - £0.62 million). This is offset against a net expenditure before (losses)/gains of £0.1 million (2015 – net income of £2.22 million).

Gross income for the year was £16.31 million, compared to £17.02 million in 2015. The major source of income came from commercial activities which include admission charges, the crypt shop and event income. This income reduced by 1.6% from a level of £9.56 million in 2015 to £9.41 million. The overall reduction in income is because of the impact of the Crypt refurbishment on shop and café sales, although this was offset by an increase in visitor charges and related Gift Aid of over £0.35 million. Gross income from charges and fees arising in the course of the Cathedral's mission was £4.16 million (2015 - £4.22 million). Grants receivable for the Cathedral were £1.90 million (2015 - £2.40 million). Revenue from donations and legacies was £0.48 million (2015 - £0.43 million), whilst income from the investment and property portfolios was £0.36 million for the year (2015 - £0.41 million). Total expenditure in the year was £15.84 million (2015 - £14.80 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
- Investments in which trustees may invest under the general powers of investment in the Trustee Act 2000
- The improvement or development of property belonging to the Cathedral, except that endowment funds may not be used to improve or develop the Cathedral itself nor its auxiliary buildings.

The consolidated Cathedral statements show £26.28 million (2015 - £24.51 million) of investment assets of which £12.94 million (2015 - £14.32 million) is held in investment units in the CBF investment fund and £3.28 million in investment units in the Ruffer Investment fund (2015 - nil), £2.34 million (2015 - £2.34 million) in CBF cash deposits managed by CCLA, and £7.72 million (2015 - £7.85 million) in property investments. Chapter seeks to produce the best financial return within an acceptable level of risk whilst complying with the guidance of the Church of England Ethical Investment Advisory Group. It also seeks to reduce investment manager risk by engaging more than one investment manager. This review resulted in a change in early 2016 to Ruffer managing approximately 20% of investment assets.

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 £2.34 million in cash deposits managed by CCLA, were £6.06 million at the end of the year (2015 - £5.06 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 2016 were 15.9% against a comparator of 17.1% (2015 – 6.1% against a comparator of 2.6%). Since its inception on 9 March 2016, the Ruffer investment fund returns for 2016 were 9.5%.

The defined benefit pension scheme, closed to new members and service accrual, was replaced by a defined contribution scheme in 2007. The updated actuarial valuation as at 1 October 2014 disclosed a net deficit of £3.10 million and, by agreement with trustees, annual deficit payments of £0.66 million continue to be paid into the scheme. Under the FRS102 valuation the net asset value of the scheme at 31 December 2016 was £0.58 million (2015 - £1.79 million). This was not recognised in the balance sheet as the Trust Deed contains restrictions that state this is not refundable to the employer and the scheme specific valuation currently shows a deficit.

The Cathedral remains committed to the discipline that projects should not commence until irrevocable funding is in place. In 2016 work therefore continued to secure funding for key development projects including the North Transept accessibility ramp and the replacement of the Sound System.

Reserves

The Cathedral's total net assets were £29.91 million at the end of 2016 (2015 - £28.33 million).

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

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

- The assets of the Cathedral which, because of their heritage, for example Tillingham valued at £7.72 million, are not considered to be available for distribution or for use as working capital except in extreme circumstances
- Restricted and endowment funds, and also the designated fund held by agreement with St Paul's Cathedral defined benefits contribution scheme, as disclosed in the statutory accounts totaling £11.80 million.

By this definition, at the end of 2016 the available 'free' reserves of the Cathedral were £10.4 million (2015 - £9.3 million). This has enabled Chapter to create an additional designated reserve of £2 million to fund specific projects and still operate within its agreed reserves policy. It has been agreed that the designated reserve will be used to fund projects where a business case can be made showing that commensurate income or savings will be generated over a defined period of time, which can then be used to replenish the designated fund.

Sustainability

The Cathedral has a Sustainability Policy which aims to put into practice one of the values expressed in the 2013-17 Strategic Plan - 'to make our operations as just and as sustainable as we can.' In 2016 we invested in new, more energy efficient boilers which will result in a 10% reduction in gas use. We also improved the pipework insulation to reduce heat loss at source. With the Crypt refurbishment we installed new LED lighting which is over 10% more energy efficient than the lighting we had before and new smaller flush units will reduce our WC water consumption by a third. For the Cathedral shop, more than half of our products are made in the UK or from Fair Trade sources.

Our focus on sustainability runs across all aspects of the Cathedral's daily life. In January 2016 over 300 people filled St Faith's Chapel in the Crypt of St Paul's to celebrate the launch of Eco Church – an award scheme involving St Paul's Institute, Christian Aid, Tearfund and A Rocha UK - for churches which want to demonstrate their commitment to sustainability. As part of this, St Paul's received a Bronze Eco Church Award for its environmental achievements.

Principal Risks and Uncertainties

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

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

- A lack of impact and engagement – mitigated by:
 - Holding Chapter away-days to develop strategy and developing a three year Mission directed Business Plan
 - Taking steps to improve physical access to the Cathedral
 - Keeping our governance arrangements under continuous review.
- A major terrorist or protest attack – mitigated by:
 - Working closely with the police and security services
 - Strengthening the Cathedral's security arrangement and putting in place staff training.
- Our financial sustainability – mitigated by:
 - Setting prudent annual budgets
 - Focusing on marketing and other activities to increase our visitor income
 - Holding appropriate levels of liquid reserves to cover short term fluctuations in income
 - Putting in place robust governance arrangements for the Defined Benefit Pension Scheme
 - Making a significant annual contribution to the Defined Benefit Pension Scheme to fund the pension deficit
 - Ensuring effective oversight of investment portfolio with support of independent experts.

- Safeguarding – mitigated by:
 - Putting in place clear safeguarding policies along with staff training
 - Carrying out appropriate staff checks.

- The fabric repair of the Cathedral – mitigated by:
 - Commissioning a Quinquennial Inspection Review to identify priorities for fabric repair
 - Developing a fundraising campaign for key fabric repair and development projects
 - Putting in place robust programme and project management arrangements
 - Having appropriate insurance cover.

- Health and safety- mitigated by:
 - Putting in place appropriate health and safety policies
 - Staff training
 - Carrying out risk assessments for all new fabric projects
 - Appointing a new health and safety adviser.

- IT security – mitigated by:
 - Putting in place IT security and business continuity arrangements.

- Damage to our reputation – mitigated by:
 - Chapter’s continuous oversight of the Cathedral’s key risks as set out above
 - Regular review by Chapter and the Audit & Risk Committee of the Corporate Risk Register and the key mitigations and actions
 - Co-ordinating our press responses and external messages.

Going Concern

Chapter, having considered the current financial position, the budget for 2017 along with the financial projections for 2018 and 2019 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 after the signing of the accounts.

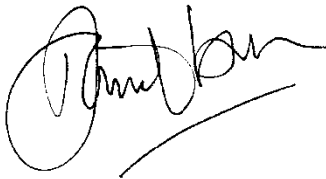
Plans for the Future

The Cathedral faces significant financial challenges. Although at the end of 2016 it had total net assets of £29.9 million, most of these were held in investments and property reflecting the Cathedral’s long-term strategy for ensuring financial sustainability. Given that unrestricted net current assets were £0.4 million, it is a priority for the Cathedral to focus on increasing its operating and fundraised income to meet the ongoing challenges of funding, amongst other things, the fabric repair programme identified in the recent Quinquennial Inspection Report, which it is estimated will cost £13 million over the next ten years, and the pension fund deficit, which currently costs the Cathedral £0.66 million each year.

Alongside these challenges, Chapter will continue its work on achieving the objectives of the Strategic Plan. The Cathedral's key objectives for the three years from 2017 – 2019 are set out in a new Mission directed Business Plan. These include:

- Continuing to develop the spiritual life of the church and the outreach of our learning departments
- Increasing our paying visitor numbers to provide funding to enable us to deliver our mission
- Improving access to all the Cathedral offers, through the development of the North Transept entrance and investment in a new sound system for the Cathedral
- Undertaking a development project at the Cathedral School, including the provision of fully refurbished boarding accommodation for the choristers
- Refurbishing the Library
- Reviewing and strengthening our governance structures to improve the effectiveness of decision-making and ensure we follow through with effective implementation.

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

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

The Very Revd Dr David Ison
Dean
31 May 2017



Choristers from cathedrals across the UK sing at the Diamond Fund for Choristers concert, May 2016

Young women at the St Paul's Institute and Girls Talk London event, October 2016



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

We have audited the financial statements of St Paul's Cathedral ("The Cathedral") for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Cathedral Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes.

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 Accepted Accounting Practice).

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

Respective Responsibilities of Chapter and Auditor

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

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

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group and Cathedral's affairs as at 31 December 2016, and of the group's result, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the guidelines specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Cathedrals Measure 1999 requires us to report to you if, in our opinion:

- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.



*Adam Halsey (Senior statutory auditor)
for and on behalf of haysmacintyre
Statutory Auditor
31 May 2017*

*26 Red Lion Square
London
WC1R 4AG*

Consolidated Statement of Financial Activities for the year ended 31 December 2016

		Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Total Funds
	Note	£000s	£000s	£000s	2016 £000s	2015 £000s
Income and Endowments from:						
Trading and fundraising		9,409	-	-	9,409	9,562
Charges and fees arising in the course of mission		618	3,539	-	4,157	4,222
Grants in support of mission		851	1,051	-	1,902	2,404
Donations and legacies		455	27	-	482	427
Investments		290	73	-	363	406
Total Income	4	11,623	4,690	-	16,313	17,021
Expenditure on:						
Cathedral and precincts upkeep		4,827	327	-	5,154	3,995
Education and outreach		708	3,325	-	4,033	3,627
Ministry		2,468	169	-	2,637	3,081
Raising funds		3,972	42	-	4,014	4,099
Total expenditure	5	11,975	3,863	-	15,838	14,802
Net income before investment gains		(352)	827	-	475	2,219
Net gains arising on investment assets	7	1,073	221	562	1,856	571
Net income after investment gains		721	1,048	562	2,331	2,790
Net (loss)/gain arising on investment properties	8	(130)	-	-	(130)	50
Actuarial (loss)/gain on defined benefit pension schemes	17	(622)	-	-	(622)	471
		(31)	1,048	562	1,579	3,311
Transfers between funds	14	-	-	-	-	-
Net increase in funds	14	(31)	1,048	562	1,579	3,311
Funds brought forward	14	20,174	4,483	3,671	28,328	25,017
Funds carried forward	14	20,143	5,531	4,233	29,907	28,328

All of the above results were derived from continuing operations.

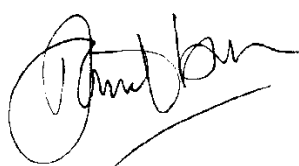
Notes 1 to 24 form part of these statements.

The Consolidated Statement of Financial Activities for 2015 is included at Note 24.

Consolidated Balance Sheet at 31 December 2016

	Note	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2016	Total Funds 2015
		£000s	£000s	£000s	£000s	£000s
Fixed assets						
Investment assets						
Investments	7	12,109	2,216	4,233	18,558	16,664
Property	8	7,720	-	-	7,720	7,850
		19,829	2,216	4,233	26,278	24,514
Tangible fixed assets						
Equipment and plant	11	27	641	-	668	570
Total fixed assets		19,856	2,857	4,233	26,946	25,084
Current assets						
Stocks		180	-	-	180	175
Debtors	12	1,297	522	-	1,819	2,236
Cash at bank and in hand		1,152	2,527	-	3,679	2,714
		2,629	3,049	-	5,678	5,125
Liabilities due within one year						
Creditors	13	(2,186)	(375)	-	(2,561)	(1,771)
		(2,186)	(375)	-	(2,561)	(1,771)
Net current assets						
		443	2,674	-	3,117	3,354
Total assets less current liabilities						
		20,299	5,531	4,233	30,063	28,438
Liabilities due after one year						
Provisions for liabilities and charges		(156)	-	-	(156)	(110)
Net assets excluding pension liability						
		20,143	5,531	4,233	29,907	28,328
Defined benefit pension scheme liability	17	-	-	-	-	-
Total net assets						
		20,143	5,531	4,233	29,907	28,328
Funds						
		Unrestricted General Funds	Restricted Funds	Endowment Funds	Total Funds 2016	Total Funds 2015
Unrestricted income funds	14	18,143	-	-	18,143	17,164
Unrestricted designated funds	14	2,000	-	-	2,000	3,010
Restricted income funds	14	-	5,531	-	5,531	4,483
Endowment funds		-	-	4,233	4,233	3,671
	14	20,143	5,531	4,233	29,907	28,328

Notes 1 to 24 form part of these statements. The accounts on pages 26 - 55 were approved by Chapter on 31 May 2017 and signed on its behalf by:

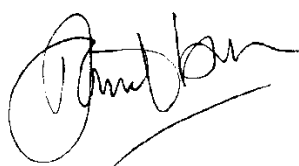


**The Very Revd Dr David Ison
Dean**

Cathedral Balance Sheet at 31 December 2016

	Notes	Unrestricted Funds £000s	Restricted Funds £000s	Endowment Funds £000s	Total Funds 2016 £000s	Total Funds 2015 £000s
Fixed assets						
Investment assets						
Investments	7	12,109	1,382	4,233	17,724	15,913
Investments in subsidiary undertakings:						
St Pauls Cathedral School		-	3,427	-	3,427	3,009
St Pauls Cathedral Enterprises Limited		150	-	-	150	150
Property	8	7,720	-	-	7,720	7,850
		19,979	4,809	4,233	29,021	26,922
Tangible fixed assets						
Equipment and plant	11	27	-	-	27	63
Total fixed assets		20,006	4,809	4,233	29,048	26,985
Current assets						
Debtors						
Amounts due from subsidiary undertakings		677	-	-	677	216
Other Debtors	12	1,208	5	-	1,213	1,844
Cash at bank and in hand		501	717	-	1,218	823
		2,386	722	-	3,108	2,883
Liabilities due within one year						
Creditors						
Amounts due to subsidiary undertakings		(341)	-	-	(341)	(155)
Other Creditors	13	(1,752)	-	-	(1,752)	(1,275)
		(2,093)	-	-	(2,093)	(1,430)
Net current assets		293	722	-	1,015	1,453
Total assets less current liabilities		20,299	5,531	4,233	30,063	28,438
Liabilities due after one year						
Provisions for liabilities and charges		(156)	-	-	(156)	(110)
Net assets excluding pension liability		20,143	5,531	4,233	29,907	28,328
Defined benefit pension scheme liability	17	-	-	-	-	-
Net assets		20,143	5,531	4,233	29,907	28,328
Funds						
		General Funds	Funds	Funds	Total Funds 2016	Total Funds 2015
Unrestricted General Funds		18,143	-	-	18,143	17,142
Unrestricted Designated Funds		2,000	-	-	2,000	3,010
Restricted Funds		-	2,104	-	2,104	1,496
Restricted Subsidiary Undertaking		-	3,427	-	3,427	3,009
Endowment Funds		-	-	4,233	4,233	3,671
	14	20,143	5,531	4,233	29,907	28,328

The accounts on pages 26 - 55 were approved and authorised for issue by Chapter on 31 May 2017 and signed on its behalf by:



**The Very Revd Dr David Ison
Dean**

Consolidated Cash Flow Statement for the year ended 31 December 2016

		2016	2015
Net cash provided by operating activities	15	889	670
Cash flows from investing activities			
Rents received net of costs		112	123
Investment income received net of costs		162	192
Purchase of plant and equipment		(198)	(221)
Disposal of investments		(3,000)	-
Purchase of investments		3,000	-
		<u>76</u>	<u>-</u>
Net cash provided by / (used in) investing activities		<u>965</u>	<u>764</u>
Change in cash and cash equivalents		<u>965</u>	<u>764</u>
Cash and cash equivalents at the start of the reporting period		2,714	1,950
Cash and cash equivalents at the end of the reporting period	16	<u>3,679</u>	<u>2,714</u>

Notes to the accounts for the year ended 31 December 2016

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.

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

The financial statements have been drawn up using the going concern basis as the Chapter has a reasonable expectation that the organisation will continue in operational existence for the foreseeable future (see page 21).

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

In the application of the Group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

b. Accounting Convention

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

c. Third Party Receipts and Payments

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

d. Legacies and Donations

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

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

e. Repairs, Restoration and Maintenance

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

f. Interest Payable

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

g. Taxation

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

h. Cathedral Building, Freehold Properties and Cathedral Inventory

No value is attributed to non-investment freehold properties listed in Note 10 because these assets are fully depreciated. No value is attributed to items included in the Cathedral Statutory Inventory as being of architectural, archaeological, artistic or historic interest because they are for Cathedral use and also cannot be measured at a monetary value with sufficient reliability.

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

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

i. Investment Property and Investments

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

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

j. Plant and Other Fixed Assets

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

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

k. Stocks

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

l. Funds

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

Endowment Funds

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

Restricted Funds

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

Unrestricted and Designated Funds

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

m. Operating Leases

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

n. Grants Receivable

Grants receivable are recognised when income is measurable, probable and the Cathedral is entitled to recognise it. Grants receivable which are subject to conditions or restrictions are credited to the

restricted fund in the Consolidated Statement of Financial Activities, depending on the category of expenditure incurred to which they relate, as soon as they are received or become receivable.

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

o. Pension Scheme Arrangements (also see Note 18)

Defined Benefit

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

Defined Contribution

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

Church of England Funded Pension Scheme

Prior to 1 January 1998, the costs of paying pensions and related benefits for Chapter and Minor Canons were met by the Church Commissioners from their current income. The cost of benefits relating to pensionable service up to that date will continue to be financed by the Commissioners. With effect from 1 January 1998 the Pensions Measure 1997 came into force, and a new funded scheme was established called the Church of England Funded Pensions Scheme. This scheme operates as an occupational pension scheme and contributions, at a rate determined having regard to actuarial advice, are paid into a separate fund in the trusteeship of the Church of England Pensions Board. Benefits arising from pensionable service after 31 December 1997 are provided from that fund. Agreed contributions to past deficits are provided for at the net present value of the expected future contributions and movement in the provision is charged or credited to unrestricted expenditure. Contributions arising from current service are charged to expenditure as they fall due (see Note 18). Contributions in respect of the Dean and two Commissioners' Canons are paid by the Church Commissioners.

p. Financial Instruments

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

2. Consolidated or Combined Entities

The accounts of St Paul's Cathedral Enterprises Limited and the St Paul's Cathedral School have been consolidated in these audited accounts of the Cathedral on a line-by-line basis in the Cathedral's consolidated accounts, both in the statement of financial activities and the balance sheet.

St Paul's Cathedral Enterprises Limited (Company Number 03313320)

The principal activities of the company comprise operating a retail shop in the Crypt and the supply of catering and conference facilities to visitors of the Cathedral, conference delegates, guests and Cathedral staff. The catering activities are carried out through an independent contractor. Turnover in the year was £1.70 million (2015 - £2.18 million), the operating surplus was £0.51 million (2015 - £0.87 million) and net assets were £150,000 (2015 - £150,000). The company is 100% owned by the Cathedral and all operating surpluses are paid up to the Cathedral annually through distributions.

St Paul's Cathedral School (Charity Number 312718)

St Paul's Cathedral School was founded for the education, nurture and care of the choristers of the Cathedral. There were on average 30 boy choristers aged between 7 and 13, all of whom are accommodated on the School site. In addition, the School admits children of the same ages, of whom there were on average 159 in the year and 63 children pre-prep children aged between 4 and 7 on the school roll. enrolled at the end of 2015. At the end of 2016 there were 105 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 £3.94 million (2015 - £3.94 million), the net income was £0.42 million (2015 - £0.25 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 2016.

St Paul's Cathedral School - Balance Sheet as at December 2016

	2016	2015
	£000s	£000s
FIXED ASSETS		
Investments	834	751
Tangible Assets	641	506
	1,475	1,257
CURRENT ASSETS		
Debtors	518	505
Cash at Bank and in Hand	1,809	1,783
	2,327	2,288
CREDITORS: amounts falling due within one year	(375)	(536)
NET CURRENT ASSETS	1,952	1,752
NET ASSETS	3,427	3,009

3. Other Related Entities

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

St Paul's Cathedral Foundation

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

- (a) The maintenance, restoration, repair and conservation of, and the undertaking of works to the fabric of, the Cathedral;
- (b) Furthering the theological and adult educational work of the Cathedral;
- (c) Promoting the development of the music and musical educational work of the Cathedral, including the maintenance of the organ;
- (d) Promoting the work and mission of the Cathedral as a diocesan, national and international institution.

	2016	2015
	£000s	£000s
	unaudited	audited
Gross Income	862	2,414
Net Income	(5)	296
Grants paid or payable to the Cathedral	849	1,857
Gross assets	1,546	2,500
Net assets	1,198	1,203

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

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

	2016	2015
	£000s	£000s
	audited	audited
Gross Income	232	206
Net Income	(93)	(123)
Grants paid or payable to the Cathedral	232	235
Gross assets	11,034	9,966
Net assets	10,662	9,834

The Garfield Weston Trust for St Paul's Cathedral

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

	2016	2015
	£000s	£000s
	unaudited	audited
Gross Income	110	114
Net Income	67	74
Grants paid or payable to the Cathedral	-	-
Gross assets	4,479	4,099
Net assets	4,465	4,086

Friends of St Paul's Cathedral

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

	2016	2015
	£000s	£000s
	audited	audited
Gross Income	226	300
Net Income	48	82
Grants paid or payable to the Cathedral	95	157
Gross assets	792	671
Net assets	689	641

St Paul's Cathedral Chorister Trust

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

	2016	2015
	£000s	£000s
	audited	audited
Gross Income	267	200
Net Income	202	125
Amount paid or payable to the Cathedral	3	5
Gross assets	2,377	2,009
Net assets	2,279	1,896

4. Income

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£000s	£000s	£000s	£000s
Trading				
Charges to visitors	7,659	-	7,659	7,293
Gross income of shop, refectory and other activities	1,657	-	1,657	2,168
Gift Aid on Admissions	93	-	93	101
	<u>9,409</u>	<u>-</u>	<u>9,409</u>	<u>9,562</u>
Charges and fees arising in the course of mission				
Gross income of the St Paul's Cathedral School	-	3,410	3,410	3,401
Facility and other fees	618	129	747	821
	<u>618</u>	<u>3,539</u>	<u>4,157</u>	<u>4,222</u>
Grants in support of mission				
St Paul's Cathedral Foundation	552	297	849	1,857
COLET	226	6	232	235
OBE	-	100	100	-
Friends of St Paul's Cathedral	-	95	95	157
Other grants	73	553	626	155
	<u>851</u>	<u>1,051</u>	<u>1,902</u>	<u>2,404</u>
Donations and legacies				
Congregational collections and giving	347	-	347	292
Donations	55	27	82	120
Legacies	53	-	53	15
	<u>455</u>	<u>27</u>	<u>482</u>	<u>427</u>
Investments				
Property (Note 9.1)	201	-	201	214
Investments: (Note 9.2) Dividends	80	65	145	173
Interest	9	8	17	19
	<u>290</u>	<u>73</u>	<u>363</u>	<u>406</u>
	<u>11,623</u>	<u>4,690</u>	<u>16,313</u>	<u>17,021</u>

5. Expenditure on Mission

	Unrestricted Funds £000s	Restricted Funds £000s	Total Funds 2016 £000s	Total Funds 2015 £000s
Cathedral and precincts upkeep				
Major repairs and restoration (Note below)	1,904	314	2,218	1,229
General maintenance, utilities and upkeep	1,931	3	1,934	1,918
Collections, library and archives management	158	10	168	188
Cathedral insurance	200	-	200	184
Support costs	634	-	634	476
	4,827	327	5,154	3,995
Education and outreach				
St Paul's Cathedral School	244	3,249	3,493	3,120
Institute and adult learning	193	61	254	255
Education department	132	15	147	138
Diocese	26	-	26	21
Charitable giving	18	-	18	31
Archives and library	2	-	2	5
Support costs	93	-	93	57
	708	3,325	4,033	3,627
Ministry				
Music costs and congregational costs	866	36	902	1,384
Services	405	5	410	900
Housing, clergy stipends and expenses	404	128	532	207
Clergy support costs	469	-	469	125
Support costs	324	-	324	465
	2,468	169	2,637	3,081
Raising funds				
Gross costs of shop, refectory and other activities	1,171	-	1,171	1,329
Costs of facilities for visitors	1,810	-	1,810	1,401
General marketing	260	-	260	381
Fundraising	120	42	162	250
Investment property (note 8)	89	-	89	91
Support costs	522	-	522	647
	3,972	42	4,014	4,099
	11,975	3,863	15,838	14,802

The expenditure totalling £2,217,000 (2015 - £1,229,000) incurred on major repairs and restoration related to:

	2016	2015
	£000s	£000s
Crypt Refurbishment	1,357	201
Boiler Replacement	430	-
Bill Viola installation	169	-
Ramp and other access projects	99	18
Sound system improvements	65	-
Chapter House Refurbishment	-	732
Stone Gallery	16	57
Other Miscellaneous Projects	82	221
	<u>2,218</u>	<u>1,229</u>

The support costs allocated above related to:

	2016	2015
	£000s	£000s
General Administration	506	493
Pension Scheme Administration	283	216
Finance	372	391
Human Resources	237	245
Information Technology	285	300
Write-back of unfunded pension provision	(110)	-
	<u>1,573</u>	<u>1,645</u>

6. Staff Remuneration - Employees and Cathedral Clergy

	2016	2015
a Average number of employees during the year		
Cathedral:		
- Total number of employees	176	171
- Full-time equivalents	149	134
Clergy:		
- Total number of clergy	8	7
- Full-time equivalents	8	7
School:		
- Total number of employees	76	76
- Full-time equivalents	55	56
Enterprises:		
- Total number of employees	14	16
- Full-time equivalents	11	12
b Cathedral employee costs for the year	£000s	£000s
Salaries and stipends	5,157	5,199
National insurance costs	458	480
Pension contributions	369	373
	<u>5,984</u>	<u>6,052</u>
c School employee costs for the year	£000s	£000s
Salaries	2,059	2,071
National insurance costs	198	176
Pension contributions	241	223
	<u>2,498</u>	<u>2,470</u>
d Remuneration of higher paid staff (excluding employer's pension contributions)		
£60,000-69,999	3	5
£70,000-79,999	1	3
£80,000-89,999	0	1
£90,000-99,999	1	0

e Remuneration of key management personnel

Key management personnel are considered to be the members of Chapter whose remuneration is shown at Note 6.f below along with the Registrar and the School Headmaster, who are not members of Chapter. The total remuneration of this group, including employer's pension contributions, is £192,510 (2015 - £189,950)

2016 2015

f Remuneration of Chapter members

	£000s Stipend	£000s Pension	£000s Total	£000s Total
D. Ison	35	12	47	46
P. Boardman	27	9	36	36
M. Hampel	26	9	35	35
T.Hillas	27	9	36	36
M. Oakley	26	12	38	37
	141	51	192	190

Number receiving expenses	5	5
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	£000s	£000s
Services (telephone, electricity, etc)	14	12
Travel	3	9
Entertainment	4	4
Other	5	7
	26	32

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	Consolidated Restricted Funds	Cathedral Endowment Funds	Total Funds 2016	Total Funds 2015
	£000s	£000s	£000s	£000s	£000s	£000s
Investments at market value 1 January	8,656	1,240	751	3,671	14,318	13,748
Net decrease on disposals	(3,000)	-	-	-	(3,000)	-
Net increase on additions	3,000	-	-	-	3,000	-
Net increase on revaluation	1,073	138	83	562	1,856	571
Investments at market value 31 December	9,729	1,378	834	4,233	16,174	14,319
Cash deposits at 1 January	2,343	4	-	-	2,347	2,202
Additions	37	-	-	-	37	143
Cash deposits at 31 December	2,380	4	-	-	2,384	2,345
	12,109	1,382	834	4,233	18,558	16,664

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

	Unrestricted Funds 2016 £000s	Total Funds 2016 £000s	Total Funds 2015 £000s
At valuation 1 January	7,850	7,850	7,800
(Decrease)/Increase in revaluation in the year	(130)	(130)	50
At valuation 31 December	<u>7,720</u>	<u>7,720</u>	<u>7,850</u>

The value of freehold investment properties at Tillingham Estate, Essex, is incorporated in the accounts under restricted funds. The Tillingham properties were valued on a market value basis for the purposes of the accounts by Strutt and Parker, Chartered Surveyors, at 31 December 2016 with a decrease in valuation of £130,000 being incorporated in these accounts.

9. Return on Investments

9.1 Total Return on Investment Property

	2016 £000s	2015 £000s
Gross rents	201	214
Expenses	(89)	(91)
	<u>112</u>	<u>123</u>
Increase/(Decrease) on revaluation	(130)	50
Total return on investment property	<u>(18)</u>	<u>173</u>

9.2 Total Return on Investments

	Equities £000s	Variable Interest £000s	2016 £000s	2015 £000s
CBF Investment Funds - dividend income (Note 4)	145	0	145	173
CBF Deposit Funds - interest income (Note 4)	-	17	17	19
Gains on revaluation and disposals (Note 7)	1,856	-	1,856	571
Total return on investments	<u>2,001</u>	<u>17</u>	<u>2,018</u>	<u>763</u>

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 association of great names and great names are writ large within the physical fabric of the Cathedral and recorded history. 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.

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 S13(1) of the Cathedrals Measure 1990. These objects are held primarily for use by the Cathedral in its mission or have been vested in Chapter over time and are held as part of the historic record of the Cathedral. Public access to them is available but stored items are accessible by appointment.

No value is attributed to the Cathedral, ancillary buildings or items recorded in the Inventory as explained in the accounting policy note.

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

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

Conservation and Management of Heritage Assets

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

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

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

No significant Heritage Assets were acquired during the year.

11. Equipment and Plant

	2016 £000s	2015 £000s	2016 £000s	2015 £000s
	Cathedral	Cathedral	Group	Group
Cost at 1 January	865	831	2,908	2,682
Additions in the year	9	29	198	221
	<u>874</u>	<u>860</u>	<u>3,106</u>	<u>2,903</u>
Depreciation at 1 January	801	725	2,337	2,130
Depreciation for year	46	72	101	203
	<u>847</u>	<u>797</u>	<u>2,438</u>	<u>2,333</u>
Net book value at 31 December	<u>27</u>	<u>63</u>	<u>668</u>	<u>570</u>

Fixed assets include £640,760 of tangible fixed assets held within the restricted funds of the School (2015 - £506,372).

12. Debtors - amounts falling due within one year

	2016 £000s	2015 £000s	2016 £000s	2015 £000s
	Cathedral	Cathedral	Group	Group
Trade debtors	221	219	362	561
VAT and Gift Aid tax recoverable	19	14	19	14
Grants receivable	615	1,305	617	1,305
Prepayments	88	109	179	132
Other debtors	270	197	642	224
Amounts due from subsidiary undertaking	677	216		
	<u>1,890</u>	<u>2,060</u>	<u>1,819</u>	<u>2,236</u>

Total debtors includes £250,000 (2015 - £1,273,000) in respect of a grant receivable from St Paul's Foundation. This is included within unrestricted funds in the balance sheet.

13. Creditors - amounts falling due within one year

	2016 £000s	2015 £000s	2016 £000s	2015 £000s
	Cathedral	Cathedral	Group	Group
Trade creditors	553	228	768	664
PAYE and national insurance	182	197	182	197
VAT	286	307	286	307
Accruals and deferred income	564	455	782	467
Other creditors	167	88	543	136
Amounts due to subsidiary undertaking	341	155		
	2,093	1,430	2,561	1,771

14. Funds

	01/01/2016 £000s	Investment revaluation £000s	Property revaluation £000s	Transfers £000s	Other £000s	Total £000s	31/12/2016 £000s
Unrestricted:							
General	17,164	1,073	(130)	(990)	(974)	(1,021)	16,143
	17,164	1,073	(130)	(990)	(974)	(1,021)	16,143
Designated Crypt Refurbishment	1,010	-	-	(1,010)	-	(1,010)	0
Designated Pension Fund	2,000	-	-	-	-	-	2,000
Designated Special Projects Fund	-	-	-	2,000	-	2,000	2,000
Restricted Income Funds	1,474	138	-	-	492	630	2,104
Restricted - School	3,009	83	-	-	335	418	3,427
Endowment	3,671	562	-	-	-	562	4,233
Total	28,328	1,856	(130)	-	(147)	1,579	29,907

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

A designated fund of £2 million is held under an agreement dated 13th March 2013 between the Cathedral and the Trustees of the St Paul's Cathedral defined benefits contribution scheme.

A further designated fund of £2 million has been created by Chapter to fund projects where a business case can be made showing that commensurate income or savings will be generated over a defined period of time, which can then be used to replenish the designated fund.

The endowment fund has been invested to ensure the future financial sustainability of the Cathedral and is not available for distribution or use as working capital.

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

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

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

	2016	2015
	£000s	£000s
Net movement in funds in the period per SOFA	1,579	3,311
Income from property and investments	(363)	(406)
Property management costs	89	91
Reduction in pension fund deficit	-	(660)
(Gains) on investments	(1,726)	(1,092)
Depreciation charges in the year	101	203
(Increase) in stocks	(5)	(55)
Decrease in debtors	417	184
Increase/(Decrease) in creditors	790	(552)
(Decrease) in bank overdraft	-	(210)
Increase in investment cash	(39)	(143)
Increase/(Decrease) in provision for liabilities and charges	46	(1)
Net cash provided by operating activities	<u><u>889</u></u>	<u><u>670</u></u>

16. Analysis of Cash and Cash Equivalents

	2016	2015
	£000s	£000s
Cash at bank and in hand	<u>3,679</u>	<u>2,714</u>
Net cash and cash equivalents	<u><u>3,679</u></u>	<u><u>2,714</u></u>

17. Staff Pensions

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

Defined Contribution Scheme

The Cathedral operates a defined contribution pension scheme with Aviva for all employees. The assets of the scheme are held separately in independently administered funds. The pension charge represents contributions payable to the fund amounting to £362,000 (2015 - £323,000).

Defined Benefit Scheme

The management of the Scheme funds, held in a separate trustee administered fund, was carried out by the trustees of the fund. The last set of audited accounts for the Defined Benefit Scheme to September 2015 show that Legal and General Investment Management managed 76% of the funds, BNY Mellon Fund Management Limited managed around 12% and BlackRock Investment Management managed around 12%, 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.

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

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

The total return on the Scheme's assets over the year was £3,830,000 (2015 - £391,000). The Scheme does not invest directly in property owned by the Cathedral or in financial securities issued by the Cathedral.

Significant actuarial assumptions at 31 December:

	2016	2015	2014
Retail price inflation	3.3% pa	3.1% pa	3.1% pa
Consumer price index	2.2% pa	2.1% pa	2.1% pa
Discount rate	2.6% pa	3.8% pa	3.6% pa
Revaluation of non-GMP in deferment	2.2% pa	2.1% pa	2.1% pa
General salary increases	2.2% pa	2.1% pa	2.1% pa
Life expectancy of male/female aged 65	24.3/26.5	24.2/26.4	24.2/26.3
Life expectancy of male/female aged 65 in 20 years' time	26.6/28.8	26.5/28.6	26.4/28.5

Assets	2016		2015	
	Value £000s	Allocation %	Value £000s	Allocation %
Equities	7,891	29	6,340	26
Gilts	-	0	7,047	30
Bonds	-	0	3,474	14
Real return and diversified growth funds	5,551	20	5,482	23
Dynamic Liability Driven Investment ('LDI')	12,333	44	-	0
Cash at bank	115	0	92	0
Insured pensioners	1,898	7	1,791	7
Fair value of plan assets	27,788	100	24,226	100
Present value of defined benefit obligation	(27,209)		(22,437)	
Unrecognised surplus	579		1,789	
Impact of asset ceiling	(579)		(1,789)	
Net pension deficit	-		-	

Movement in the net balance sheet position

Opening net liabilities	-	1131
Expense charged to expenditure	38	78
Actuarial losses/(gains)	622	(500)
Employer contributions	(660)	(709)
Closing liabilities	-	-

Movement in present value of defined benefit obligation

Opening defined benefit obligation	22,437	25,122
Employers part of current service cost	50	50
Interest on plan liabilities	835	889
Actuarial (gains) losses due to		
Experience on benefit obligations	(22)	(1,884)
Changes in financial assumptions	4,831	(875)
Benefit payments	(922)	(865)
Closing defined benefit obligation	27,209	22,437

Movement in fair value of plan assets

Opening fair value of plan assets	24,226	23,991
Interest on plan assets	916	861
Actual return on plan assets less interest	2,914	(470)
Contributions by the employer	654	709
Benefit payments	(922)	(865)
	<u>27,788</u>	<u>24,226</u>

Movement in the impact of the asset ceiling

Effect of asset ceiling at the start of the period	1789	-
Interest on asset limit	69	-
Change in asset limit other than interest	(1,279)	1789
	<u>579</u>	<u>1,789</u>

18. Cathedral Clergy Pensions

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

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

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

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

- An investment strategy of:
 - For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
 - A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% per annum on gilts and 4.6% per annum on return-seeking assets;
- RPI inflation of 3.2% per annum (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% per annum;

- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are set out in the table below. Contributions since 2015 are shown for reference:

% of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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

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

	2016	2015
Balance sheet liability at 1 January	157,000	135,000
Deficit contribution paid	(20,000)	(17,000)
Interest cost (recognised in SOFA)	4,000	3,000
Remaining charge to the balance sheet liability* (recognised in SOFA)	15,000	36,000
Balance sheet liability at 31 December	156,000	157,000

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

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

	December 2016	December 2015	December 2014
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase in total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

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

19. Auditor's Remuneration

	2016	2015
	£000s	£000s
Auditor's services	32	28
	<u>32</u>	<u>28</u>

20. Related Party Transactions

During the year Mr Oliver Caroe, Surveyor to the Fabric and an Officer of the Cathedral, received a retainer for his services of £69,981 (2015 - £69,981). In this role he advised Chapter on the fabric of and repairs to the Cathedral. He was also a partner in Caroe Architecture Limited to whom fees amounting to £156,781 (2015 - £100,034) 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 2016 amounting to £54,323 (2015 - £nil) and a further accrual has been included in these accounts for £95,530 (2015 - £91,801) 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 and The Revd Canon Tricia Hillas were also trustees of the Friends. The Cathedral was the recipient of grants from these trusts during the year amounting to £944,718 (2015 - £2,186,419) of which the amount receivable at 31 December 2016 was £346,474 (2015 - £1,305,813).

21. Contingencies and Guarantees

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

22. Commitments and Operating Leases

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

	Computing & Office Equipment		Land & Buildings	
	2016 £s	2015 £s	2016 £s	2015 £s
Expiring between 1 - 5 years	12,257	13,297	510,000	595,000
	<u>12,257</u>	<u>13,297</u>	<u>510,000</u>	<u>595,000</u>

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

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

23. Analysis of Financial Instruments

	2016 £000s	2015 £000s
Financial assets measured at fair value through income & expenditure	18,558	16,664
Financial assets measured at amortised cost	5,298	4,804
Financial liabilities carried at amortised cost	(2,093)	(1,771)

24. Consolidated Statement of Financial Activities for the year ended 31 December 2015

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2015
	£000s	£000s	£000s	£000s
Income and Endowments from:				
Trading and fundraising	9,461	-	-	9,461
Charges and fees arising in the course of mission	821	3,401	-	4,222
Grants in support of mission	1,213	880	-	2,093
Donations and legacies	781	58	-	839
Investments	321	85	-	406
Other income	-	-	-	-
Total Income	12,597	4,424	-	17,021
Expenditure on:				
Cathedral and precincts upkeep	3,148	847	-	3,995
Education and outreach	379	3,248	-	3,627
Ministry	3,077	4	-	3,081
Raising funds	4,099	-	-	4,099
Total expenditure	10,703	4,099	-	14,802
Net income before investment gains	1,894	325	-	2,219
Net gains arising on investment assets	355	26	190	571
Net income after investment gains	2,249	351	190	2,790
Net gains arising on investment properties	50	-	-	50
Other gains				
Actuarial gains(losses) on defined benefit pension	471	-	-	471
	2,770	351	190	3,311
Transfers between funds		-	-	-
Net increase/(decrease) in funds	2,770	351	190	3,311
Funds brought forward	17,404	4,132	3,481	25,017
Funds carried forward	20,174	4,483	3,671	28,328



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 **St PAUL'S**
CATHEDRAL