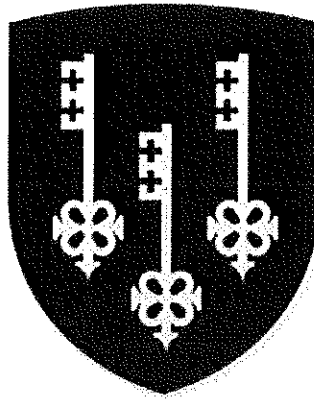


ELY CATHEDRAL

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016



ELY CATHEDRAL

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ADMINISTRATIVE DETAILS

Chapter

The Very Reverend M Bonney (Dean)
 The Reverend Canon Dr V Johnson
 The Reverend Canon Dr J Garrard
 The Reverend Canon Dr J Martin (appointed 10 September 2016)
 The Reverend Canon Dr A L Hargrave (retired 31 January 2016)
 The Reverend Canon H Shilson-Thomas
 Canon T Green DL
 Canon S Squire
 Canon T Bellis

Cathedral Administrator

Canon S Bourne FCA

Director of Music

Mr P Trepte

Finance Director

Mrs A Binstead FCA

Address

The Chapter House
 The College
 Ely Cambs
 CB7 4DL

Chapter Solicitor

Taylor Vinters
 Merlin Place
 Milton Road
 Cambridge, CB4 0DP

Auditors

Price Bailey LLP
 Chartered Accountants & Statutory Auditors
 6 High Street
 Ely Cambs, CB7 4JU

Bankers

Barclays Bank Plc
 28 High Street
 Cambs, CB7 4LA

Investment Managers - Chapter

Investec
 2 Gresham Street
 London
 EC2V 7QP

Surveyor to the Fabric

J Kennedy
 Purcell
 1 Quayside, Bridge Street
 Cambridge, CB5 8AB

Investment Managers – Ely Cathedral Trust

CCLA
 80 Cheapside
 London
 EC2V 6DZ

Finance and Investment Committee

Mr W C M Dastur -Chairman
 Lord Hemingford
 Canon T Green DL
 Dr G Reid (resigned 17 October 2016)
 Mr R P Slogrove
 Mr A Kyndt
 Mr G Lynn (appointed 10 September 2016)

Fabric Advisory Committee

Mr D A H Richmond - Chairman
 Mr P Orchard
 The Reverend Canon R Hanmer (retired 26 February 2016)
 Dr J Litten
 The Reverend Dr A Doig (retired May 2016)
 Mr J Musson
 Professor J Heyman (retired May 2016)
 Mr G Harrison (appointed November 2016)
 Mrs S Latham (appointed November 2016)
 The Rt Reverend S Platten (appointed November 2016)
 Mr R Halsey

Trustees – Ely Cathedral Trust

Mr R P Slogrove -Chairman
 The Very Reverend M Bonney
 Dr G A Reid (resigned 17 October 2016)
 Mr C F M Rawlinson MBE
 Canon T Green DL
 Mrs J Lewin-Smith DL
 Mr I Pattinson
 Canon S Squire (resigned 17 October 2016)
 Canon Paul Evans (appointed 27 February 2017)
 Rev Canon Dr J Martin (appointed 17 October 2016)

ADMINISTRATIVE DETAILS – Cathedral Council

Chair

Sir D Harrison (retired June 2016)
Lord Wilson of Dinton (appointed September 2016)

Bishop's Council Representative

Mrs J Perrett (retired February 2017)

Bishop's Representative for Education Representative

Mr A Read (appointed November 2016)
Mrs C Taylor (retired June 2016)

Cathedral Congregation Representative

Mrs M Rone
Mr R Skelton
Mrs G Floyd (retired February 2017)

College of Canons Representative

The Reverend Dr Canon J Martin (resigned April 2016)
The Reverend Canon F Brampton

Diocesan Synod Representative

Mr I Mackellar (appointed March 2017)
Mr S Kershaw

Cathedral Employee Representative

VACANT

Local Government Representative

Mr F Burkitt (appointed May 2016)
Captain V Lucas, RN, DL (retired May 2016)

Lord Lieutenant

Sir Hugh Duberly, KCVO, CBE (retired April 2017)

The Dean

The Very Reverend M Bonney

Appointments Committee of the Church of England Representative

Mr R Needle (retired November 2016)
Mr G Lynn (appointed March 2017)

Bishop's Nominee

Mrs J Pearson, DL (appointed November 2009,
reappointed 2015)

Cambridgeshire Ecumenical Council Representative

The Reverend P Whittle (appointed July 2016)
The Reverend P Hills (retired May 2016)

Chapter Representative

The Reverend Canon Dr J Garrard
The Reverend Canon Dr J Martin (appointed May 2016)

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

The Chapter of Ely Cathedral is a corporation with its own seal, charged with the government of Ely Cathedral. Its functions are regulated by the Constitution and Statutes of the Cathedral which date from 1541, with some later amendments, the latest of which comply with the Cathedrals Measure 1999. As expressed in Section 1 of the Cathedrals Measure, the mission, activities and achievements of the Cathedral stem from its role as "The Seat of the Bishop and a centre of Worship and Mission".

The Cathedral's Vision and Mission

Chapter has a vision of Ely Cathedral as an outward looking community, **engaging** and responding to the challenges of the world around; bringing people to faith, making new disciples and **growing** the congregation numerically and **deepening** them spiritually; and doing so through inspiring and transformative worship, engaging and challenging preaching, and a warm welcome and generous hospitality. Chapter would like to see everyone who engages with Ely Cathedral saying "**Ely Cathedral makes a difference**".

Chapter fully aligns itself with the Diocesan Vision statement "**We pray to be generous and visible people of Jesus Christ**" and its critical imperatives to **engage, grow and deepen**.

This is all encapsulated in the Cathedral's Mission Statement to be a community "**Joyfully proclaiming the love of God in worship, outreach, welcome and care**".

The Cathedral Strategic Plan, available on the Cathedral website, continues to be reviewed and updated on a regular basis. Chapter met 10 times during the year. We have been delighted to welcome Canon Jessica Martin as a residentiary Canon with responsibility for Education and Outreach.

As well as routine governance work, Chapter receives a report from and has a discussion with each of the Senior Managers at one of the Chapter meetings. Within the Strategic Plan, Chapter are focusing on four particular goals: congregational growth and development; offering inclusive, generous and high quality hospitality and care; being a place of prophetic outreach and engagement; and having a financially secure base to support its mission. Part of that secure base continues to be the need to keep the fabric of the Cathedral in good repair and ensuring that its commercial activities are sound and well managed. Chapter is committed to ensuring that their Safeguarding policies are up-to-date, and that training of staff and volunteers is in place, and Canon Johnson has oversight of this. Because of the administrative weight of this and other regulatory requirements, a member of staff moved to a new role of Resources and Compliance Officer. A new post of Visitors' Experience Manager was also created to improve our offering in this area, with a particular aim to increase visitor numbers and revenue .

Particular achievements in relation to the Strategic Plan have been: the appointment of a designer for a new Octagon altar, dais and furnishings; working closely with the Diocese on developing a diocesan Rule of Life; securing funding for a digital model of the interior of the Cathedral; improved support for Choristerships; a new Education booklet for schools' work; preparation and funding for a Science Festival in May/June 2017; developing a Capital Expenditure programme following the Quinquennial inspection; and developing closer links with City and District Councillors and close involvement with City Centre Forum, All these things stand alongside the continual improvement of routine activities, all centred on our daily offering of praise and prayer.

In developing the Cathedral's long-term strategy, we have been moving ahead with the development of a Masterplan. Chapter and senior members of staff held a facilitated planning day, which led to a draft Masterplan that contained a number of options, particularly in relation to a possible north-west development. Consultations with a variety of stakeholders followed in the second quarter of the year, and at the end of the year a Masterplan with a favoured option was written and is now on our website for further consultation. This is a package of long-term projects that can be implemented in stages as and when funds become available.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

With the generous support of a benefactor, Chapter took the opportunity of bidding for and acquiring a property adjacent to the Cathedral on Minster Place/High Street. The property occupies a substantial site at the gateway to the Cathedral area, which could be of strategic importance to future Chapters. In the meantime, it is being refurbished with a view to generating income from commercial lets.

As stated in the 1999 Cathedrals Measure, the purpose of the Cathedral is to be “the seat of the Bishop and a centre for worship and mission”, so Chapter is particularly aware of its role as mother church of the Diocese, which comprises over 300 parishes. Chapter’s aim is that the Cathedral should be a spiritual, educational and cultural resource for the Bishop and the Diocese. The Cathedral has been used by the Diocese for a number of special services, ordinations, licensings, baptisms and confirmations. Parishes visit the Cathedral, and the clergy preach around the diocese and beyond on a regular basis. We are most supportive of the Diocesan Strategy and ensure that Chapter’s vision and mission is in tune with the developing work there.

Chapter is assisted in the running and organisation of the Cathedral by a small professional staff and by specialist advisory committees. These committees cover Education, Finance and Investment, Health and Safety, Marketing, Mission and Outreach, Pastoral Care and Cultural Events.

Cathedrals Measure

Pursuant to the Cathedrals Measure, Chapter has eight members: the Dean, three residentiary Canons, one non-residentiary Canon and three Lay members. The Dean is appointed by the Crown, while the residentiary Canons and other members are appointed by the Bishop of Ely after consultation with Chapter. Changes in these appointments are handled similarly. All new members are provided with appropriate information and induction upon joining. Also provided for in the Cathedrals Measure is a Cathedral Council, with representation from the Bishop's Council, the Diocesan Synod, the Cathedral congregation, the Cathedral Chapter and the Honorary Canons, as well as from the wider community. The Council's brief is to consider proposals submitted by Chapter regarding the mission and general direction of the Cathedral, as well as to consider the annual budget and accounts.

The College of Canons’ brief is to consider the annual accounts, wider interests of the Cathedral and to be summoned by the Dean to elect a bishop in the event of a vacancy.

Other Entities

Chapter is closely linked to two other entities, whose activities are reflected in the Cathedral Accounts. **The Ely Cathedral Trust** is constituted under a Trust Deed dated 16 October 1972 and is a registered charity no. 264803. The objective of the Trust is to apply the Trust Fund to the repair and maintenance of the Cathedral fabric; the repair and maintenance of the organ and other appurtenances of the Cathedral; the support and advancement of the Cathedral Choirs; the repair and maintenance of secular buildings occupied or used for purposes connected with the Cathedral; and in other ways to support the work of the Cathedral. Trustees are appointed by the Cathedral Chapter, but the Trustees exercise full control over the affairs of the Trust. An Annual Report and Financial Statements are published separately. **Ely Cathedral Enterprises Ltd** is responsible for the trading activity of the Cathedral. Its directors during the year under review were the Dean, the Cathedral Administrator, Mr Adrian Kyndt and Mrs Lesley Ann Thompson and its affairs were conducted in accordance with the Companies Act 2006. An Annual Report and Financial Statements are published separately. **Ely Cathedral Education Trust** was launched in 2008 and is a registered charity no. 1121721. The objective of the Trust is to support the educational work of Ely Cathedral. No annual report and financial statements are prepared separately. It should be noted that the **Friends of Ely Cathedral** is not consolidated into the accounts of Ely Cathedral, as it is an organisation that is independent of Chapter. Its accounts are published separately.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Worship

The primary purpose of the Cathedral is to offer worship to God. This may currently be divided into six categories:-

- a) Daily worship. The offices of Morning and Evening Prayer and the Eucharist are offered in the Cathedral every day. Compline is sung once a week in Lent and Advent. During the summer months prayers are offered in the Cathedral every hour by a team of Chaplains.
- b) The Sunday Holy Communion, the Sung Eucharist (which attracts 200-300 people each week) and Choral Evensong.
- c) Diocesan worship in the form of confirmations, ordinations and other special diocesan gatherings.
- d) Services with laying on of hands for healing; and other occasional services.
- e) Major acts of worship for local, county and national organizations, including services for the military, local authorities and to mark national occasions. The Cathedral is the centre for King's School Ely services.
- f) '*Space*': a monthly 6.30pm service of 'alternative worship' which is held on the second Sunday of each month.

Music

The music and liturgical worship offered in the Cathedral in 2016 continued to maintain the highest of standards. Girl and Boy Choristers and Men sing in a developed pattern where all voices are heard on their own and at other times all together. The Cathedral's voluntary choir Ely Cathedral Octagon Singers have continued to be very strong and an essential part of our rota of Cathedral choirs.

Warm thanks are extended to Paul Trepte, Sarah MacDonald, the Director of the Girls' Choir, Alex Goodwin, the Girls' Choir's Assistant Organist, and Edmund Aldhouse for all that they do, especially in the light of the challenges of chorister recruitment. Paul Trepte, Rebecca Duckworth and Anne Mizen also deserve many thanks for their roles in the work of the Ely Imps, which, despite other choirs for similar age groups springing up, have maintained good numbers and been involved with several concerts on their own and in collaboration with other Cathedral choirs, to much acclaim and pleasure.

Cathedral Links

Ely Cathedral has strong links with the parish of St John at Hackney and with Zanzibar Cathedral. With the help of a grant from the EU/World Monument Fund, Zanzibar Cathedral has been able to restore the important heritage site on which it stands and has set up an anti-slavery education centre. We are delighted that the Ely Cathedral community has contributed generously to the restoration of Zanzibar Cathedral and it has been our privilege to send an occasional delegation from Ely to Zanzibar, to witness the development works and the progress of the Christian mission on Zanzibar Island. The Cathedral also supports the Diocese of Ely's links with Vellore in India, the Nordkirche in Germany and the Diocese of Kigali in Rwanda.

Our links with other churches in Ely remain healthy and dynamic, demonstrated by a number of annual joint services and other activities. Working with our local ecumenical partners and other agencies, Ely Foodbank continues to provide a valuable service within a 15-mile radius of Ely. The demand for the Foodbank illustrates the very real poverty and the growing wealth gap that exists within our area.

The Ely Cathedral Centre

The Cathedral Centre occupies an important place within the City of Ely, offering space for both charitable and commercial meetings. Operated as a low-level business that supports the Cathedral's mission, its users include mothers' groups, youth projects, meditation sessions, Age UK, counselling organisations, employment training workshops and child protection agencies, in addition to business customers and local councils.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Working with Children and Young People

Schools continue to value the unique experience which a visit to the Cathedral offers. Working together with teachers and other education providers, we are able to ensure that visits meet the requirements of the new National Curriculum. Through the Education Trust, we are able to provide help with transport costs for some schools who would not otherwise have been able to come here.

Our holiday 'drop-in' sessions continue to expand. These often attract over 100 children and their families each day they are running. High quality activities give children the opportunity to explore the building and the Christian story. They offer a real service to the community and attract local people who would not normally visit the cathedral.

We also run regular activities for young children through Little Acorns, Sunday Club and Edward Bear Club.

The Education Department is now well settled into its new offices in the Old Library within the Cathedral. Visiting school groups are also benefiting from Chapter's investment in a remodelling of Powcher's Hall, which now provides for two elegant function rooms on the ground floor, together with toilet facilities.

Mission to Adults

Thanks to our excellent marketing department and increased use of social media in a number of forms, the Cathedral has increased its visitor footfall despite difficult economic circumstances. Every day, through the tremendous work our Welcome team, Day Chaplains, and Guides, (alongside leaflets, notices and the many 'spiritual opportunities' around the cathedral,) people who come into the Cathedral as Tourists leave as Pilgrims, having encountered Christ among us. We simply could not operate without our dedicated teams of volunteers.

Although the Cathedral has much to offer visitors internally, there is little to guide visitors around the monastic precinct. With this in mind, and building on the previous work they had done for us in producing a Cathedral 'App', we commissioned the Department of Christianity and Culture at York University to build a digital model that illustrates the development of the Cathedral and its monastic community. When installed in 2017, we anticipate that it will generate considerable interest among both adults and young people and will enable them to gain new insights into the history of the Cathedral and, indeed, the Isle of Ely. We are very grateful for the financial support of the Friends of Ely Cathedral and other benefactors of this venture.

Pastoral Care

The Canon for Congregation and Community (formerly known as Canon Pastor) took up position in April 2015 and has oversight of the pastoral needs of the Cathedral congregation and community, both volunteers and staff, as well as working to develop and deepen the spiritual life of the congregation and a programme for congregational growth. Pastoral work is a team effort and is supported by lay and ordained colleagues to ensure all known needs are met. The Canon for Congregation and Community oversees safeguarding in the cathedral, and is 'first port of call' for the Occasional Offices (Baptisms, Weddings, Funerals/Memorial Services) and is assisted by the Cathedral Pastoral Team (CPT) consisting of twelve members of the congregation. Set up in 2006 the CPT's purpose is to 'enhance the provision of pastoral care for the Cathedral community.' The number of people being supported by the CPT can often be up in the region of eighty. Valuable priestly pastoral support is given by the team of seven Priest Vicars. The Ministry of Healing is available every Sunday at the 10.30 Sung Eucharist and is valued by both the Cathedral community and visiting worshippers. This ministry now involves lay members of the Cathedral community.

Caring permeates every area of Cathedral life. The congregations, Cathedral staff and volunteers support each other and the weekly Coffee Mornings in the Cathedral Centre offer another opportunity for mutual support. Every aspect of Cathedral life is included in the monthly cycle of prayer, which is used at daily morning and evening offices.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

The Mothers' Union (MU) is the largest branch in the diocese and is held in high regard for its work with its members and with pre-school children (Edward Bear Club). The member of the branch attends every Cathedral baptism service. The MU has an active ministry outside the Cathedral by providing family support in homes and prisons.

Statistics for 2016 (2015):

Baptisms – 14 (20)

Confirmations – 30 (16)

Weddings/Blessings/Anniversaries – 13 (9)

Funerals/Memorial Services/Interment of Ashes – 6 (7)

Concerts and Events

Ely Cathedral is a popular local venue for concerts and events. In 2016 there were around 30 major events which included concerts, filming, exhibitions, theatre productions, evening functions and our Christmas fair. The planning of all concerts and events is overseen by the Events Management Group. The total revenue raised for Cathedral funds in 2016 was some £143,000. The largest single contribution to this income was from our Christmas Fair, which grows in popularity each year.

An Exhibitions Advisory Committee has been set up, chaired by the Dean. A very successful exhibition focusing on lettering was held in February 2016 and in spring 2017 we have the Peter Marlow exhibition "The English Cathedral".

Fabric

The Fabric Advisory Committee is a statutory committee whose remit is to:

1. Act as advisers to Chapter, to ensure that the fabric of the Cathedral and its precinct is maintained, preserved and fit for purpose.
2. Work with the Cathedral Fabric Advisory Committee for England to ensure that all work complies with heritage and planning restrictions.

The expertise and advice that the committee brings is invaluable to Chapter when planning repairs and new projects within the Cathedral.

Essential ongoing repairs and maintenance continued throughout the year at a cost of circa £120,000 (2015 £89,000). In addition to this day-to-day spend, extensive work has been undertaken to rewire the Cathedral, to convert and refurbish Powcher's Hall and to complete the installation of an upper floor in the Old Library. Chapter is extremely grateful for grants from the Government's World War 1 Centenary Fund, which have permitted us to undertake the unexciting but very necessary work to replace deteriorating electrical wiring.

Finance

Pursuant to the Cathedrals Measure 1999, the Cathedral has a Finance and Investment Committee whose role is to look at overall financial performance and results and advise Chapter on its responsibilities in the field of Finance and Investment. It meets three times a year to discuss management accounts, budgets and the performance of the investment properties and portfolio.

The Cathedral is obliged to present accounts which conform to the Guidelines introduced by the Church Commissioners under Section 27 of the Cathedrals Measure 1999. The major difficulty arising from this format stems from the requirement to aggregate and consolidate the Cathedral Accounts not only with those of the Cathedral's trading company, Ely Cathedral Enterprises Ltd, but those of the Ely Cathedral Trust. The resulting Consolidated Accounts, while arguably illustrative of the broader financial picture, afford even the practised reader a less than clear picture of the Cathedral's day-to-day operations. For this reason, Chapter has felt it prudent to supplement the Accounts with an additional Statement of Financial Activities and corresponding Balance Sheet confined exclusively to the affairs of the Cathedral, marked 'Cathedral Only'. The 'Cathedral Only' SOFA can be found on page 14 with the corresponding balance sheet on page 16. The accompanying Notes to the Financial Statements between pages 18 and 43 relate to both the Consolidated and Cathedral Only SOFAs and are marked accordingly.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Results

The Cathedral Only Statement of Financial Activities showed a Surplus of £1,434,000 (2015 deficit £8,000).

The cost of upkeep of the Cathedral and precinct fell from £1,319,000 in 2015 to £1,116,000 in 2016, the majority of the difference being due to the cost of the North and South Transept Project during 2015.

Five year summary of key financial data

	Cathedral Only £'000				
	2016	2015	2014	2013	2012
Net Resources from operating activities	395	442	298	208	269
Exceptional costs – major repairs and restorations	(497)	(601)	(169)	-	-
	(102)	(159)	129	208	269
Donated asset	812	-	-	-	-
Exceptional income – legacy income	20	213	10	-	264
	730	54	139	208	533
Gains/(losses) on revaluations and disposals of property and investments	704	(62)	(8)	353	147
Net movement in funds for year	1,434	(8)	131	561	680
	Consolidated £'000				
	2016	2015	2014	2013	2012
Net Resources from operating activities	505	814	516	373	439
Exceptional costs – major repairs and restorations	(497)	(601)	(169)	-	-
	8	213	347	373	439
Donated asset	812	-	-	-	-
Exceptional income – legacy income	577	213	10	-	-
	1,397	426	357	373	789
Gains/(losses) on revaluations and disposals of property and investments	1,387	15	273	864	510
Net movement in funds for year	2,784	441	630	1,237	1,299

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Volunteers and Visitors

The quality of welcome and care shown to visitors is a key element of the Cathedral's ethos and strategy and we are very grateful for the part played by our volunteers – more than 300 of them – in delivering this. On arrival, visitors are greeted by members of the Welcome Team and Admissions Staff. Cathedral Guides provide regular ground floor tours and, for the more adventurous visitors, tours of the Octagon and West Towers. The Cathedral Stewards play an essential role at all events, concerts and services and support the work of the Operations Team and the Cathedral Vergers. Other volunteers serve as Day Chaplains, intercessors, servers, readers, schools' guides, helpers for the young, Marthas, Flower Guild members, shop assistants, refectory assistants and gardeners. In all, the volunteers assist the Cathedral in some 20 realms of activity. Accordingly, we put considerable resource into training and organising our volunteers.

Paying visitors make a major contribution to the Cathedral's well-being. Chapter regrets the need for an admission charge and has policies in place to enable local residents and regular visitors to enter the Cathedral free of charge, and to ensure that no one is refused admission on grounds of affordability. Charges for 'Concessions' have been lowered in recent years, and lost revenues are being replaced with new sources of income from enterprise activities. Church members throughout the Diocese may apply for free passes, as may those living within the local CB6 and CB7 postcodes. At the end of 2016, there were 7,281 parish passes (up 1.5% on 2015) and 4,940 local residents' passes in circulation (down 13.8%). In addition, 1,666 Friends of Ely Cathedral and 185 members of the Order of St Etheldreda enter without charge. No admission charges are made on Sundays or for attendance at any act of worship.

Future planning

Chapter continues to monitor spending carefully and plan prudently for the future. Day to day activities are planned so as to at least break even, but there is little room for complacency as far as the routine budget is concerned. Chapter monitors the work programme arising from the last Quinquennial Inspection, which continues relentlessly, as does the routine maintenance. Ely Cathedral Trust continues to raise funds in support of these activities, for education and for the music that represents such an important component of worship in our Cathedral.

Reference is made elsewhere in the Report to the progress of Chapter's Masterplanning project, which covers the next 10-15 years. Having developed an initial vision for the Cathedral's aspirations set in the wider context of the needs and hopes of the people of Ely, an extensive programme of consultations took place during 2016, resulting in refinements to the initial vision. These will be followed by specific designs that will form the basis of an application for the necessary approvals and, ultimately, of a fundraising campaign. Chapter's overall objective is to produce results that will be at once iconic and functional, and which will enhance the City of Ely as place in which to live and as an attraction for visitors from near and far.

Reserves and investments

It is Chapter policy to build up sufficient unrestricted reserves which can be invested to generate income for ongoing operational costs of the Cathedral and Chapter. We have achieved this over the last few years as the anticipated annual investment income forms a part of our break-even budget at the operating level each year. These unrestricted reserves could also form a financial cushion in the event of fluctuations in budgeted income or anticipated costs, although we have been fortunate over the last few years to be able to accommodate any such fluctuations via our cash reserves rather than having to deplete our investment portfolio.

Chapter aims to hold three months' worth of operating costs as cash reserves so that essential costs, such as staff, suppliers and tax, can be covered without the need to liquidate assets from our investment portfolio, should there be a short-term funding issue. Over the last few years this has been important as we have had to fund several major repair costs in advance of receiving the grants for these projects. This is especially true of the recent WW1 Centenary Funded works.

The cash reserves fluctuate throughout the year, as much of our income is seasonal, so at various times during the year (mainly during the winter months) we do not hold three months of cash reserves.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

For Ely Cathedral this three month target is in the region of £600,000. We produce a monthly cashflow forecast which is reviewed by Chapter and the Finance and Investment Committee, as well as holding regular discussions between the Finance Director and the Administrator. At 31 December 2016, the cash reserves were £321,000. This falls short of our cash reserves target partly due to the fact that visitor numbers (and thus income from all associated group activities) are not as high as in the summer period and also the fact that we have paid some large amounts of money out on large fabric projects, for which the funding had not been received until early in 2017.

The current unrestricted reserves of £5,273,000 have been generated by a combination of several consecutive years of operational surpluses, combined with the very generous unrestricted donations and legacy income that we received. Our policy is, wherever possible, to invest large donations and legacies so that they are not used for day-to-day operational costs.

Ely Cathedral Chapter currently holds total funds of £6,429,000 (2015 £4,995,000) represented by:

	2016	2015
Non investment assets	£538,000	£607,000
Unrestricted funds held as a property investment	2,650,000	£1,375,000
Unrestricted funds held as investment portfolio	2,552,000	£2,329,000
Net current assets	717,000	£712,000

Ely Cathedral Trust holds invested funds of £7,525,000 (2015 £6,174,000) most of which are either endowed or restricted to support the music or the fabric of the Cathedral. These reserves have been built up from a number of sources comprising mainly donations and legacies.

At the year end Chapter held cash balances of £321,000 (2015 £488,000) to support the smooth management of expenditure, which is relatively consistent throughout the year, whereas income has significant seasonal components. It also facilitates the management of major maintenance and repair projects to both the Cathedral and precinct properties. The cash balance of £321,000 includes £176,000 held in the investment portfolio.

Chapter aims to work actively with Ely Cathedral Trust to build up funds to:

1. support the ongoing mission of the Cathedral
2. maintain the choral tradition of the Cathedral
3. proactively maintain the Cathedral and its precincts

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Chapter is aiming to build up reserves by:

1. working actively to increase trading and other income
2. allocating any surplus of income over expenditure to reserves
3. being proactive about legacy development and allocating legacy income when possible to our unrestricted reserve

Investment Policy

The investment powers of the Cathedral are held under the Cathedrals Measure 1999. Under the Measure Chapter may invest the Cathedrals funds in:

1. land
2. funds administered by CCLA.
3. investments which fall within the powers of the Trustee Act 2000
4. the improvement or development of land belonging to the Cathedral

Apart from the £321,000 (2015 £488,000) held as a cash reserve and the investment property, the remainder of the Cathedral's fund is held as an investment portfolio. The investment policy was reviewed in July 2016 and is monitored for performance on a regular basis by the Finance and Investment Committee.

The overall objectives are to:

1. create sufficient income and capital growth to enable the Cathedral to carry out its mission
2. maintain its heritage buildings consistently year by year with due and proper consideration for future needs
3. maintain and, if possible, enhance the investment funds while they are retained

Unrestricted income and capital may be used at any time for the furtherance of the Cathedral's aims. The investment parameters for the funds are as follows:-

	No. 1 Account	Chapter No. 2 Account
Performance in 2016 (total Return)	15.6%	10.5%
Benchmark	17.1%	16.8% (FTSE all share)
Financial Background	Moderate risk profile, balanced mandate	Total return
Investment Strategy	Fewer stocks, but achieving a reasonable diversification through a balanced fund, no property funds.	Total return with a diversification of 10-15 stocks
Benchmarks	Individual asset class to be measured against relevant Market indices – overall portfolio against the WM constrained by income index.	Comparative indices for each asset class, overall against the FT All Share Index.
Ethical Policy	No investment in arms, or tobacco. Alcohol in moderation.	No investment in arms, or tobacco. Alcohol in moderation.

REVIEW OF ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2016

Risk management

Chapter holds under constant review the major strategic, business and operational risks faced by the Cathedral. The Director of each area of the Cathedral (be that Music, Fabric, Finance or Volunteer management, etc.) is in charge of maintaining and reviewing their particular areas of risk. These are then discussed and reviewed formally each year in conjunction with the residential Clergy and also an expert in internal audit and risk management from Marshall of Cambridge, for which we are extremely grateful. Each Director will also discuss their principal risks and uncertainties and their methods of monitoring them and strategies to mitigate risks at least once a year with full Chapter.

A brief summary of our main risks along with the important strategies for mitigating these risks are:

Major Risk	Mitigation Strategy
Dependency on income from tourists.	Our offering to tourists is improving all the time with new exhibitions, new events (such as our Science Festival in 2017) and a new digital modelling project of the Cathedral for visitors to interact with. We have also now employed a new member of the team as a dedicated Visitor Experience Manager.
Risk of failure to comply with health, safety and environmental legislation.	These responsibilities used to lie with various members of the management team. We have created a new role in 2017 for a Resource and Compliance Officer to oversee all aspects of legislation.
Safeguarding	We have a Safeguarding Office who has support not just from a team from within the Cathedral but from the Diocese too. All staff and volunteers are regularly trained in safeguarding every three years. All staff and volunteers must undergo suitable checks and references before they are able to work or volunteer in the Cathedral or any of our associated buildings or businesses.

Statement of the Responsibilities of Chapter

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

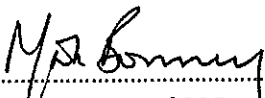
- preparing and publishing an annual report and audited accounts which give a true and fair view of the financial activities for each financial year and of the assets, liabilities and funds at the end of each financial year of the Cathedral and its connected entities, stating that they have complied in all material respects with the guidelines prepared by the Association of English Cathedrals or describing which recommendations have not been complied with and giving reasons for non compliance;
- selecting suitable accounting policies and 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 with reasonable accuracy at any time and safeguarding the assets of the Cathedral and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

(a) so far as the Chapter is aware, there is no relevant audit information of which the Cathedral's auditors are unaware, and

(b) they have taken all the steps they ought to have taken as Chapter in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by Chapter on24 April 2017..... and signed on their behalf by:



 The Very Reverend M Bonney

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Unrestricted £000's	Restricted £000's	Endowment £000's	Total £000's	2015 £000's
Income and Endowments from:	5					
(i) Donations and legacies		797	238	236	1,271	1,027
(ii) Grants in support of missions		-	1,193	-	1,193	587
(iii) Charges and fees arising in the course of mission		224	-	-	224	307
(iv) Trading and fundraising		1,892	-	-	1,892	1,855
(v) Investments		428	92	154	674	626
Total Income		<u>3,341</u>	<u>1,523</u>	<u>390</u>	<u>5,254</u>	<u>4,402</u>
Expenditure on:						
Raising funds	6	1,600	-	-	1,600	1,549
(i) Ministry	7	712	127	-	839	812
(ii) Cathedral and precincts upkeep	7	768	353	-	1,121	1,320
(iii) Education and outreach	7	211	-	-	211	210
(iv) Community, parish and congregation	7	81	-	-	81	81
Other expenditure		5	-	-	5	4
Total Expenditure		<u>3,377</u>	<u>480</u>	<u>-</u>	<u>3,857</u>	<u>3,976</u>
Net (expenditure)/income before investment gains		(36)	1,043	390	1,397	426
Net gains/ (losses) on investments	9	252	250	423	925	15
Revaluation		475	(13)	-	462	-
Net income/(expenditure)		<u>691</u>	<u>1,280</u>	<u>813</u>	<u>2,784</u>	<u>441</u>
Gross transfer between funds		193	(1)	(192)	-	-
Net movement in funds		<u>884</u>	<u>1,279</u>	<u>621</u>	<u>2,784</u>	<u>441</u>
Reconciliation to funds:						
Total funds brought forward		4,818	2,529	3,822	11,169	10,728
Total funds carried forward		<u>5,702</u>	<u>3,808</u>	<u>4,443</u>	<u>13,953</u>	<u>11,169</u>

The notes on pages 18 to 45 form part of these accounts

STATEMENT OF FINANCIAL ACTIVITIES – CATHEDRAL ONLY
FOR THE YEAR ENDED 31 DECEMBER 2016

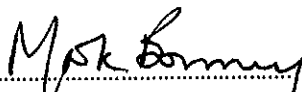
	Notes	Unrestricted £000's	Restricted £000's	Endowment £000's	Total £000's	2015 £000's
Income and Endowments from:	5					
(i) Donations and legacies		439	80	-	519	734
(ii) Grants in support of missions		-	1,496	-	1,496	702
(iii) Charges and fees arising in the course of mission		419	-	-	419	488
(iv) Trading and fundraising		564	-	-	564	561
(v) Investments		424	-	-	424	410
(vi) Other income		74	-	-	74	74
Total income		<u>1,920</u>	<u>1,576</u>	<u>-</u>	<u>3,496</u>	<u>2,969</u>
Expenditure on:						
Raising funds	6	521	-	-	521	493
(i) Ministry	7	710	127	-	837	810
(ii) Cathedral and precincts upkeep	7	763	353	-	1,116	1,319
(iii) Education and outreach	7	209	-	-	209	209
(iv) Community, parish and congregation	7	83	-	-	83	80
Other expenditure		-	-	-	-	4
Total Expenditure		<u>2,286</u>	<u>480</u>	<u>-</u>	<u>2,766</u>	<u>2,915</u>
Net (expenditure)/income before investment gains		(366)	1,096	-	730	54
Net gains/ (losses) on investments	9	242	-	-	242	(62)
Revaluation		475	(13)	-	462	-
Net income/(expenditure)		<u>351</u>	<u>1,083</u>	<u>-</u>	<u>1,434</u>	<u>(8)</u>
Gross transfer between funds		232	(232)	-	-	-
Net movement in funds		<u>583</u>	<u>851</u>	<u>-</u>	<u>1,434</u>	<u>(8)</u>
Reconciliation to funds:						
Total funds brought forward		4,690	305	-	4,995	5,003
Total funds carried forward		<u>5,273</u>	<u>1,156</u>	<u>-</u>	<u>6,429</u>	<u>4,995</u>

The notes on pages 18 to 45 form part of these accounts

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016

	Notes	Unrestricted £000's	Restricted £000's	Endowment £000's	Total £000's	2015 £000's
Fixed assets						
Investment assets						
Property	8	1,850	800	-	2,650	1,375
Investments	9	2,957	2,506	4,196	9,659	8,052
		<u>4,807</u>	<u>3,306</u>	<u>4,196</u>	<u>12,309</u>	<u>9,427</u>
Non investment assets						
Equipment and plant	10	561	39	-	600	671
Property		-	-	-	-	-
		<u>561</u>	<u>39</u>	<u>-</u>	<u>600</u>	<u>671</u>
Total fixed assets		<u>5,368</u>	<u>3,345</u>	<u>4,196</u>	<u>12,909</u>	<u>10,098</u>
Current assets						
Stocks	11	148	-	-	148	97
Debtors	12	222	25	42	289	197
Cash at bank and in hand	13	127	490	289	906	1,032
		<u>497</u>	<u>515</u>	<u>331</u>	<u>1,343</u>	<u>1,326</u>
Total current assets		<u>497</u>	<u>515</u>	<u>331</u>	<u>1,343</u>	<u>1,326</u>
Liabilities due within one year						
Creditors	14	135	52	84	271	227
		<u>135</u>	<u>52</u>	<u>84</u>	<u>271</u>	<u>227</u>
Net current assets		<u>362</u>	<u>463</u>	<u>247</u>	<u>1,072</u>	<u>1,099</u>
Provision for liabilities and charges						
Multi-Employer Defined Benefit scheme liability	3	28	-	-	28	28
		<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>	<u>28</u>
Total net assets		<u>5,702</u>	<u>3,808</u>	<u>4,443</u>	<u>13,953</u>	<u>11,169</u>
The funds of the Cathedral:						
General fund		4,794	-	-	4,794	4,357
Fabric fund		-	-	3,453	3,453	3,087
Music fund		23	2,864	990	3,877	3,209
Other funds		2	944	-	946	95
Revaluation reserve		883	-	-	883	421
		<u>4,794</u>	<u>2,864</u>	<u>990</u>	<u>4,794</u>	<u>4,357</u>
Total Cathedral funds	15	<u>5,702</u>	<u>3,808</u>	<u>4,443</u>	<u>13,953</u>	<u>11,169</u>

Approved by Chapter on 24 April 2017 and signed on their behalf by:

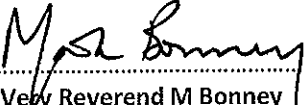

 The Very Reverend M Bonney

The notes on pages 18 to 45 form part of these accounts

BALANCE SHEET AT 31 DECEMBER 2016 – CATHEDRAL ONLY

	Notes	Unrestricted £000's	Restricted £000's	Endowment £000's	Total £000's	2015 £000's
Fixed assets						
Investment assets						
Property	8	1,850	800	-	2,650	1,375
Investments	9	2,552	-	-	2,552	2,329
		<u>4,402</u>	<u>800</u>	<u>-</u>	<u>5,202</u>	<u>3,704</u>
Non investment assets						
Equipment and plant	10	499	39	-	538	607
Property		-	-	-	-	-
		<u>499</u>	<u>39</u>	<u>-</u>	<u>538</u>	<u>607</u>
Total fixed assets		4,901	839		5,740	4,311
Current assets						
Stocks	11	4	-	-	4	3
Debtors	12	614	-	-	614	401
Cash at bank and in hand	13	4	317	-	321	488
		<u>622</u>	<u>317</u>	<u>-</u>	<u>939</u>	<u>892</u>
Liabilities due within one year						
Creditors	14	222	-	-	222	180
Net current assets		400	317	-	717	712
Provision for liabilities and charges						
Multi-Employer Defined Benefit scheme liability	3	28	-	-	28	28
Total net assets		5,273	1,156	-	6,429	4,995
The funds of the Cathedral:						
General fund		4,365	-	-	4,365	4,229
Music fund		23	212	-	235	250
Other funds		2	944	-	946	95
Revaluation reserve		883	-	-	883	421
Total Cathedral funds	15	5,273	1,156	-	6,429	4,995

Approved by Chapter on 24 April 2017 and signed on their behalf by:


 The Very Reverend M Bonney

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £000's	2015 £000's
Cash flows from operating activities:			
Net cash provided by/ (used in) operating activities	16	632	(206)
Cash flows from investing activities:			
Rents received net of costs		208	202
Investment income received net of costs		313	268
Proceeds from the sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(833)	(194)
Proceeds from sale of investments		731	532
Purchase of investments		(1,413)	(728)
		<u>(994)</u>	<u>80</u>
Net cash provided by/ (used in) operating activities		<u>(362)</u>	<u>(126)</u>
Cash flows from financing activities:			
Receipt of endowment		<u>236</u>	<u>104</u>
Net cash provided by/ (used in) financing activities		<u>236</u>	<u>104</u>
Net cash provided by/ (used in)			
Change in cash and cash equivalents in the reporting period	17	(126)	(22)
Cash and cash equivalents at the beginning of the reporting period	17	1,032	1,054
Net cash provided by/ (used in)		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the reporting period	17	<u>906</u>	<u>1,032</u>

The notes on pages 18 to 45 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Principal Accounting PoliciesGeneral

The Cathedral constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared on the basis of historical cost except that investments are stated in the balance sheet at market value.

Format of the Accounts

The format of the accounts and the principles on which they are prepared follow those required by the December 2014 Accounting and Reporting Regulations for English Anglican Cathedrals as specified by the Church Commissioners under Section 27 of the Cathedrals Measure 1999 (The Guidelines) issued in December 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Consolidation

The results of the Cathedral's subsidiary company, Ely Cathedral Enterprises Ltd., and Ely Cathedral Trust, a charity established for the benefit of the Cathedral, are consolidated in these accounts on a line by line basis under the appropriate headings in accordance with The Guidelines.

The Cathedral Consolidated Financial Statements include Ely Cathedral Trust on the basis that the Trust is a "special trust" in accordance with Section 12 of the Charities Act 2011 and The Guidelines.

The Cathedral and Inventory

The Cathedral building, its monastic buildings and ancillary buildings, treasures and other items included in the Inventory are not shown in the accounts either as heritage assets or as assets not specifically used by the Cathedral – as per the Guidelines. The monastic buildings and ancillary buildings include the cloisters, chapter house, guest halls and prior's buildings. These buildings are partly used by the staff as offices, the clergy and the trading subsidiary for the shops and restaurant. Due to the ancient nature of these buildings, their depreciated replacement cost is considered to be nil as their life is in excess of 1,000 years for certain properties. Further detail is given in note 21.

Properties

- | | |
|------------------------------------|--|
| Investment Properties- | Investment properties have been included in the accounts at their market value in accordance with The Guidelines.
In accordance with The Guidelines, Chapter have not included the monastic and ancillary buildings which are held for investment purposes as outlined above. However, the insurance value of these properties is included in a note to the accounts. |
| Other Properties | - As detailed above properties occupied by clergy, lay employees, trading outlets and administrative functions are not included in the accounts but the insurance valuation is included in a note. |
| King's School insurance Properties | - Properties leased to the King's School are not included in the accounts. The values are not considered appropriate for accounting purposes. Given the nature of these very ancient properties they have no reliable cost information available and a conventional valuation approach is not considered reliable. Furthermore, due to the ancient nature of these buildings, their depreciated replacement cost is deemed £nil and they are not able to be disposed of by the Cathedral. The insurance value of these properties is included in a note to the accounts. |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Principal Accounting Policies (Continued)Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The Ely Cathedral Trust does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investment income, gains and losses are allocated to the appropriate fund.

Fixed Assets

Plant, machinery, office equipment, loose tools, furniture and fittings and any other assets that are not included in the Inventory are capitalised and written off over their estimated useful life as follows:-

Plant, machinery, equipment, furniture
and fittings - over 5 – 10 years
Computer equipment - over 3 years

Items below £500 are not capitalised and are written off in the Statement of Financial Activities.

Buildings under construction are held at cost and not depreciated. Once the asset is brought into use the asset will be transferred to freehold buildings and depreciation will be charged based on the above basis.

The cost of repairs and maintenance of the Cathedral are charged to the General Fund. Most of the major restoration works are funded by grants, donations or by Ely Cathedral Trust and are charged to restricted funds.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Income

All income is included in the Statement of Financial Activities (SoFA) when the Cathedral is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Legacies

For legacies, entitlement is taken on a case by case basis as the earlier of the date on which: the Cathedral is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Cathedral that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Cathedral has been notified of the executor's intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the Cathedral. Where legacies have been notified or the Cathedral is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Principal Accounting Policies (Continued)Grants

Grants are recognised on an accruals basis. Grants, are recognised when the Cathedral has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for a grant relating to the following year is deferred until the criteria for income recognition are met.

Donations and Other Income

Donations and other income are recognised at the point of receipt.

Third Party, Non-Cash Receipts and Payments, and Donated Assets

Amounts paid on behalf of the Cathedral are included in the Statement of Financial Activities under both income and expenditure. Where grants, donations (whether of cash or assets) and legacies are made subject to restrictions, they are included in the Statement of Financial Activities as income of restricted or endowment funds and matched against relevant expenditure. When the restricted amount relates to the purchase of a depreciable asset the amount is credited to the restricted fund in the Statement of Financial Activities and an amount is debited to the fund each year in respect of the depreciation of the asset.

Resources Expended

All expenditure is accounted for on an accruals basis. Any irrecoverable VAT is charged in the Statement of Financial Activities or capitalised as part of the cost of the related asset as appropriate.

Governance costs include those incurred in the governance of the Cathedral and its assets and are primarily associated with constitutional and statutory requirements.

Support costs are those costs incurred directly in support of expenditure on the objects of the Cathedral.

Pension Contributions

The Chapter operates two money purchase defined contribution schemes. Pension contributions are charged to the Statement of Financial Activities when they are paid.

Ely Cathedral participates in the Church of England Funded Pensions Scheme. The Church of England Funded Pensions Scheme is a defined benefit scheme, but Ely Cathedral is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate which is charged to the Statement of Financial Activities when paid.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Funds

Funds are divided between Unrestricted, Restricted and Endowment.

Unrestricted Funds

These can be applied for any of the purposes for which the Chapter was established. The main unrestricted fund is the General Fund through which is passed all the regular items of income and expenditure relating to the day-to-day running of the Cathedral.

Within unrestricted funds are Designated Funds which represent funds which Chapter has set aside for a specific purpose. Current designated funds relate to Music and the Flower Guild. If in due course they are not required for the specific purposes, they may be transferred back to the General Fund.

Restricted Funds

These may only be applied for particular purposes as specified by the donor or Cathedral statutes. Restricted Funds under the control of Chapter are set out in note 15. The main restricted fund is held by Ely Cathedral Trust.

Endowment Funds

All endowment funds are currently held by Ely Cathedral Trust; they are for the provision of income to provide for the continual maintenance of the Cathedral and its precincts and various funds to provide income towards chorister scholarships.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Employee Information

The average weekly number of employees during the year, exclusive of clergy, was 40 (2015-39) full time and 175 (2015-177) part time. The full time equivalent number of employees was 65 (2015 – 65).

The total emoluments paid to employees (excluding benefits) were as follows:

	2016 £000's	2015 £000's
Salaries and stipends	1,600	1,574
Employer's National Insurance	103	101
Employer's pension contributions	39	35
	<u>1,742</u>	<u>1,710</u>

No member of staff received emoluments over £60,000.

The Cathedral operates two money purchase defined contribution pension schemes. The two schemes are the Church Workers Pension Fund for which more detail is give on page 24 and NOW Pensions. NOW Pensions scheme was established as at 1 May 2014 as the auto enrolment scheme and is a qualifying workplace compliant group personal pension scheme. Contributions into the NOW Pensions scheme are 2.5% (2015-2.5%) employee contribution and 2.5% (2015 – 2.5%) employer contribution. Contributions made to the schemes during the year are detailed above. The number of employees to whom benefits are accruing under scheme is 43 (2015-47).

The remuneration and pension provision for clerical members of Chapter is in accordance with scales laid down by the Church Commissioners, the Archbishop's Council and the Church of England Pensions Board.

The remuneration and pension contributions of the residentiary members of Chapter are set out below:-

	2016		2015	
	Stipend £000's	Pension £000's	Stipend £000's	Pension £000's
The Very Reverend M Bonney	34	11	34	11
The Reverend Canon Dr A L Hargrave (retired 31 January 2016)	3	1	26	9
The Reverend Canon Dr J Garrard	26	9	26	7
The Reverend Canon Dr V Johnson	26	9	20	6
The Reverend Canon Dr J Martin (appointed 10 Sept 16)	9	3	-	-

The Church Commissioners finance directly the stipend, pension and associated employer's national insurance of the Dean and two Canons. No remuneration is paid to non-residentiary members of Chapter.

Ely 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Employee Information (continued)

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

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2015 to 31 December 2015
Accrual of future service benefits (including expenses)	25.8%
Deficit repair contributions	14.1%
Total contribution rate	39.9%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement of our proportion of the scheme deficit is set out in the table below.

	2015
Balance sheet liability at 1 January	31,000
Deficit contribution paid	-2,000
Interest cost (recognised in SoFA)	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	-2,000
Balance sheet liability at 31 December	28,000

*comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

3. Employee Information (continued)

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:

% of pensionable stipends	December 2015	December 2014
Discount rate	2.5% pa	2.3% pa
Price inflation	2.4% pa	2.7% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa

Dean & Chapter of Ely (PB 2014) participates in the Pension Builder Scheme section of CWPf for lay staff. The 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.

The Church Workers Pension Fund has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

Pension Builder Scheme

The Pension Builder Scheme of the Church Workers Pension Fund is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

Pension Builder Classic provides a pension for members for payment from retirement, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonuses may also be declared, depending upon the investment returns and other factors.

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

There is no sub-division of assets between employers in each section of the Pension Builder Scheme. 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 Pension Builder 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.

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 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

Pension Builder 2014 will be valued in relation to the lump sum payable to members at normal pension age. There are no annual pension benefits. Pension Builder 2014 commenced in February 2014 so the first full valuation of that section will be carried out at the next CWPf valuation date, 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4. Auditors' Remuneration**Consolidated**

	2016 £000's	2015 £000's
Audit Services	22	19
Other Services	2	4
	<u>24</u>	<u>23</u>

Cathedral Only

	2016 £000's	2015 £000's
Audit Services	12	10
Other Services	2	3
	<u>14</u>	<u>13</u>

5.**6. Income****Consolidated**

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
(i) Donations and legacies					
Congregational collections and giving	141	-	-	141	122
Donations	67	-	-	67	63
Income from appeals and fundraising *	-	214	236	450	381
Tax recoverable under Gift Aid	36	-	-	36	45
Legacies*	553	24	-	577	416
	<u>797</u>	<u>238</u>	<u>236</u>	<u>1,271</u>	<u>1,027</u>

*In 2015 £633K restricted and £104K endowment, all remaining income unrestricted.

(ii) Grants in support of missions

Church commissioners	-	148	-	148	143
Other grants	-	1,045	-	1,045	444
	<u>-</u>	<u>1,193</u>	<u>-</u>	<u>1,193</u>	<u>587</u>

All 2015 income was restricted.

(iii) Charges and fees arising in the course of mission

Facility and other fees	224	-	-	224	307
	<u>224</u>	<u>-</u>	<u>-</u>	<u>224</u>	<u>307</u>

All 2015 income was unrestricted.

(iv) Trading and fundraising

Charges to visitors	485	-	-	485	492
Gift Aid on Entrance Charges	79	-	-	79	69
Gross income of Ely Cathedral					
Enterprises Ltd and other activities	1,328	-	-	1,328	1,294
	<u>1,892</u>	<u>-</u>	<u>-</u>	<u>1,892</u>	<u>1,855</u>

All 2015 income was unrestricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. Income (continued)					2016	
<i>Consolidated</i> (continued)		Unrestricted	Restricted	Endowment	Total	2015
		£000's	£000's	£000's	£000's	£000's
(v)	Investments					
	Property	343	-	-	343	340
	Investments (note 9)	85	92	154	331	286
		<u>428</u>	<u>92</u>	<u>154</u>	<u>674</u>	<u>626</u>

All 2015 income was unrestricted, except for investment income of which £74K which was restricted and £136K that related to the endowment.

Cathedral Only

		Unrestricted	Restricted	Endowment	2016	2015
		£000's	£000's	£000's	£000's	£000's
(i)	Donations and legacies					
	Congregational collections and giving	140	-	-	140	116
	Donations	67	-	-	67	63
	Tax recoverable under Gift Aid	35	-	-	35	45
	Ely Cathedral Enterprises Limited	177	-	-	177	172
	Income from Friends and local trusts*	-	80	-	80	125
	Legacies	20	-	-	20	213
		<u>439</u>	<u>80</u>	<u>-</u>	<u>519</u>	<u>734</u>
	* Only restricted funds in 2015.					
(ii)	Grants in support of missions					
	Church commissioners	-	148	-	148	143
	Other grants	-	1,348	-	1,348	559
		<u>-</u>	<u>1,496</u>	<u>-</u>	<u>1,496</u>	<u>702</u>
	All 2015 income was restricted.					
(iii)	Charges and fees arising in the course of mission					
	Facility and other fees	419	-	-	419	488
		<u>419</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>488</u>
	All 2015 income was unrestricted.					
(iv)	Trading and fundraising					
	Charges to visitors	485	-	-	485	492
	Tax recoverable under Gift Aid	79	-	-	79	69
		<u>564</u>	<u>-</u>	<u>-</u>	<u>564</u>	<u>561</u>
	All 2015 income was unrestricted.					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5. Income (continued)

Cathedral (continued)

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
(v) Investments					
Property	343	-	-	343	340
Investments (note 9)	81	-	-	81	70
	<u>424</u>	<u>-</u>	<u>-</u>	<u>424</u>	<u>410</u>

All 2015 income was unrestricted.

(vi) **Other income**

Miscellaneous income	74	-	-	74	74
	<u>74</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>

All 2015 income was unrestricted.

6. Raising funds

Consolidated

Cost of facilities for visitors	239	-	-	239	213
Gross costs of shop, refectory and other activities	1,077	-	-	1,077	1,055
Investment property costs	135	-	-	135	131
Investment management costs	18	-	-	18	19
Support costs	131	-	-	131	131
	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>1,600</u>	<u>1,549</u>

All 2015 expenditure was unrestricted.

Cathedral Only

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
Cost of facilities for visitors	188	-	-	188	173
General marketing costs	51	-	-	51	40
Investment property costs	135	-	-	135	131
Investment management costs	18	-	-	18	19
Support costs	129	-	-	129	130
	<u>521</u>	<u>-</u>	<u>-</u>	<u>521</u>	<u>493</u>

All 2015 expenditure was unrestricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Expenditure on mission

Consolidated

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
(i) Ministry-					
Clergy stipends and working expenses	28	127	-	155	155
Clergy housing costs	36	-	-	36	39
Services, music and congregational costs	485	-	-	485	457
Support costs	163	-	-	163	161
	<u>712</u>	<u>127</u>	<u>-</u>	<u>839</u>	<u>812</u>

In 2015 £127K clergy stipends was restricted and all other expenditure was unrestricted.

(ii) **Cathedral and precincts upkeep**

Major repairs and restoration	144	353	-	497	743
Maintenance and interior upkeep	399	-	-	399	234
Cathedral insurance	65	-	-	65	60
Precincts, security and gardens upkeep	28	-	-	28	152
Support costs	132	-	-	132	131
	<u>768</u>	<u>353</u>	<u>-</u>	<u>1,121</u>	<u>1,320</u>

In 2015 £747K of major repairs was restricted and all other expenditure was unrestricted.

(iii) **Education and outreach**

Educational activities	47	-	-	47	46
Support costs	164	-	-	164	164
	<u>211</u>	<u>-</u>	<u>-</u>	<u>211</u>	<u>210</u>

In 2015 all expenditure was unrestricted.

(iv) **Community and congregation**

	<u>81</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>
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In 2015 all expenditure was unrestricted.

Cathedral Only

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
(i) Ministry					
Clergy stipends and working expenses	28	127	-	155	155
Clergy housing costs	36	-	-	36	39
Services, music and congregational costs	485	-	-	485	457
Support costs	161	-	-	161	159
	<u>710</u>	<u>127</u>	<u>-</u>	<u>837</u>	<u>810</u>

In 2015 £127K clergy stipends was restricted and all other expenditure was unrestricted

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7. Expenditure on mission (continued)

Cathedral Only (continued)

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
(ii) Cathedral and precincts upkeep					
Major repairs and restoration	144	353	-	497	743
Maintenance and interior upkeep	399	-	-	399	234
Cathedral insurance	65	-	-	65	60
Precincts, security and gardens upkeep	25	-	-	25	152
Support costs	130	-	-	130	130
	<u>763</u>	<u>353</u>	<u>-</u>	<u>1,116</u>	<u>1,319</u>

In 2015 £747K of major repairs was restricted and all other expenditure was unrestricted

(iii) **Education and outreach**

Educational activities	48	-	-	48	46
Support costs	161	-	-	161	163
	<u>209</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>209</u>

In 2015 all expenditure was unrestricted.

(iv) **Community, parish and congregation**

	<u>83</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>80</u>
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In 2015 all expenditure was unrestricted.

In accordance with the requirements of the accounting guidelines for Cathedrals, administration costs have been re-analysed as support costs and allocated to the activities which they directly support.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

8. Investment Assets

Property	Unrestricted	Restricted	Endowment	2016 Total	2015
<i>Consolidated</i>	£000's	£000's	£000's	£000's	£000's
At valuation 1 January 2016	1,375	-	-	1,375	1,375
Additions	-	813	-	813	-
Movement in valuation	475	(13)	-	462	-
At valuation 31 December 2016	1,850	800	-	2,650	1,375

<i>Cathedral Only</i>	Unrestricted	Restricted	Endowment	2016 Total	2015
	£000's	£000's	£000's	£000's	£000's
At valuation 1 January 2016	1,375	-	-	1,375	1,375
Additions	-	813	-	813	-
Movement in valuation	475	(13)	-	462	-
At valuation 31 December 2016	1,850	800	-	2,650	1,375

The investments assets were assessed for revaluation as at 31 December 2016. After taking advice of property agents, changes to property values were made. The properties were revalued as at 31 December 2016 by Cheffins, Clifton House, 1&2 Clifton Road, Cambridge on an open market value basis.

The addition in the year relates to a donated asset – Grace Building, High Street, Ely, Cambs.

9. Investments

<i>Consolidated</i>	Unrestricted	Restricted	Endowment	2016 Total	2015
	£000's	£000's	£000's	£000's	£000's
Market value at 1 January 2016	2,447	2,062	3,543	8,052	7,838
Additions	989	194	230	1,413	728
Disposals	(734)	-	-	(734)	(532)
Realised gains/losses	(8)	-	-	(8)	140
Unrealised gains/losses	260	250	423	933	(125)
Accrued interest	3	-	-	3	3
Market value at 31 December 2016	2,957	2,506	4,196	9,659	8,052

Analysed as follows:

	2016 £000's	2015 £000's
UK Fixed Interest Securities	283	255
Quoted UK Equities	1,652	1,503
Quoted Overseas Equities	539	509
Alternative markets	78	62
The CBF Church of England Investments fund	7,107	5,723
	9,659	8,052

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. Investments (continued)				2016	
<i>Cathedral only</i>	Unrestricted	Restricted	Endowment	Total	2015
	£000's	£000's	£000's	£000's	£000's
Market value at 1 January 2016	2,329	-	-	2,329	2,293
Additions	712	-	-	712	628
Disposals	(734)	-	-	(734)	(532)
Realised gains	(8)	-	-	(8)	140
Unrealised gains	250	-	-	250	(203)
Accrued interest	3	-	-	3	3
	<u>2,552</u>	<u>-</u>	<u>-</u>	<u>2,552</u>	<u>2,329</u>
Market value at 31 December 2016	<u>2,552</u>	<u>-</u>	<u>-</u>	<u>2,552</u>	<u>2,329</u>
Analysed as follows:				2016	2015
				£000's	£000's
Overseas Fixed Interest Securities				-	-
UK Fixed Interest Securities				283	255
Quoted UK Equities				1,652	1,503
Quoted Overseas Equities				539	509
Ely Cathedral Enterprises Ltd (£2 share capital)				-	-
Alternative markets				78	62
				<u>2,552</u>	<u>2,329</u>

Income from investments is analysed as follows:

	Cathedral		Consolidated	
	2016	2015	2016	2015
UK Interest	15	8	15	8
UK Unit Trust Interest	2	2	2	2
UK Dividends	50	46	50	46
UK Unit Trust Dividends	1	1	1	1
Overseas Dividends	9	11	9	11
Real Estate Investment Trusts	4	2	4	2
The CBF Church of England Investments fund	-	-	250	216
	<u>81</u>	<u>70</u>	<u>331</u>	<u>286</u>
Total Return on Investments (excluding property)	<u>81</u>	<u>70</u>	<u>331</u>	<u>286</u>

(see also note 5. (v) Page 27)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

10. Non-Investment Assets
Equipment and Plant

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
Consolidated					
Cost:					
At 1 January 2016	1,576	153	-	1,729	1,535
Additions	20	-	-	20	194
Disposals	-	-	-	-	-
At 31 December 2016	<u>1,596</u>	<u>153</u>	<u>-</u>	<u>1,749</u>	<u>1,729</u>
Depreciation:					
At 1 January 2016	745	113	-	1,058	964
For the year	90	1	-	91	94
Disposals	-	-	-	-	-
At 31 December 2016	<u>1,035</u>	<u>114</u>	<u>-</u>	<u>1,149</u>	<u>1,058</u>
Net Book Value:					
At 31 December 2016	<u>561</u>	<u>39</u>	<u>-</u>	<u>600</u>	<u>671</u>
At 1 January 2016	<u>631</u>	<u>40</u>	<u>-</u>	<u>671</u>	<u>571</u>
Cathedral					
Cost:					
At 1 January 2016	1,344	153	-	1,497	1,319
Additions	15	-	-	15	178
Disposals	-	-	-	-	-
At 31 December 2016	<u>1,359</u>	<u>153</u>	<u>-</u>	<u>1,512</u>	<u>1,497</u>
Depreciation:					
At 1 January 2016	777	113	-	890	814
For the year	83	1	-	84	76
Disposals	-	-	-	-	-
At 31 December 2016	<u>860</u>	<u>114</u>	<u>-</u>	<u>974</u>	<u>890</u>
Net Book Value:					
At 31 December 2016	<u>499</u>	<u>39</u>	<u>-</u>	<u>538</u>	<u>607</u>
At 1 January 2016	<u>569</u>	<u>40</u>	<u>-</u>	<u>607</u>	<u>505</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

11. Stocks		
<i>Consolidated</i>	2016	2015
	£000's	£000's
Consumables	4	3
Trading outlets	144	94
	<u>148</u>	<u>97</u>
 <i>Cathedral</i>		
Consumables	<u>4</u>	<u>3</u>
 12. Debtors and prepayments		
<i>Consolidated</i>	2016	2015
	£000's	£000's
Sundry debtors and prepayments	286	194
Income tax recoverable	3	3
	<u>289</u>	<u>197</u>
 <i>Cathedral</i>		
Sundry debtors and prepayments	211	145
Ely Cathedral Trust	139	17
Ely Cathedral Enterprises Ltd	264	239
	<u>614</u>	<u>401</u>
 13. Cash at bank and in hand		
<i>Consolidated</i>	2016	2015
	£000's	£000's
Bank accounts	500	619
Cash in hand	6	7
Investment fund cash and deposits	400	406
	<u>906</u>	<u>1,032</u>
 <i>Cathedral</i>		
Bank accounts	141	410
Cash in hand	4	5
Investment fund cash and deposits	176	73
	<u>321</u>	<u>488</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

14. Sundry creditors and accruals

Consolidated

	2016 £000's	2015 £000's
Sundry creditors and accruals	200	154
Tax and social security costs	71	73
	<u>271</u>	<u>227</u>

Cathedral

Sundry creditors and accruals	157	115
Tax and social security costs	65	65
	<u>222</u>	<u>180</u>

15. Funds analysis

Consolidated

	Unrestricted £000's	Restricted £000's	Endowment £000's	2016 Total £000's	2015 £000's
General fund	4,794	-	-	4,794	4,357
Fabric fund	-	-	3,453	3,453	3,087
Music fund	23	2,864	990	3,877	3,209
Other funds	2	944	-	946	95
Revaluation reserve	883	-	-	883	421
	<u>5,702</u>	<u>3,808</u>	<u>4,443</u>	<u>13,953</u>	<u>11,169</u>

2015 Consolidated

	Unrestricted £000's	Restricted £000's	Endowment £000's	Total £000's
General fund	4,357	-	-	4,357
Fabric fund	-	-	3,087	3,087
Music fund	38	2,436	735	3,209
Other funds	2	93	-	95
Revaluation reserve	421	-	-	421
	<u>4,818</u>	<u>2,529</u>	<u>3,822</u>	<u>11,169</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

<i>Cathedral only</i>	Unrestricted £000's	Restricted £000's	Endowment £000's	2016	2015
				Total £000's	£000's
General fund	4,365	-	-	4,365	4,229
Music fund	23	212	-	235	250
Other funds	2	944	-	946	95
Revaluation reserve	883	-	-	883	421
	<u>5,273</u>	<u>1,156</u>	<u>-</u>	<u>6,429</u>	<u>4,995</u>

<i>2015 Cathedral only</i> £000's	Unrestricted £000's	Restricted £000's	Endowment £000's	2015
				Total £000's
General fund	4,429	-	-	4,229
Music fund	38	212	-	250
Other funds	2	93	-	95
Revaluation reserve	421	-	-	421
	<u>4,690</u>	<u>305</u>	<u>-</u>	<u>4,995</u>

Cathedral Only

<u>Unrestricted Funds</u>	Balance at 1 January 2016 £000's	Net movement in the year £000's	Balance at 31 December 2016 £000's
General Fund	4,229	136	4,365
Music	38	(15)	23
Flower Guild	2	-	2
Revaluation reserve	421	462	883
	<u>4,690</u>	<u>583</u>	<u>5,573</u>

<u>Unrestricted Funds</u>	Balance at 1 January 2015 £000's	Net movement in the year £000's	Balance at 31 December 2015 £000's
General Fund	4,294	(65)	4,229
Music	29	9	38
Flower Guild	2	-	2
Revaluation reserve	421	-	421
	<u>4,746</u>	<u>(56)</u>	<u>4,690</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Funds analysis (continued)

Cathedral Only

Restricted Funds	Balance at 1 January 2016 £000's	Net movement in the year £000's	Transfers £000's	Balance at 31 December 2016 £000's
Donated Assets	40	800	-	840
Maintenance projects	53	51	-	104
Music fund	212	-	-	212
	<u>305</u>	<u>851</u>	<u>-</u>	<u>1,156</u>

Cathedral Only

Restricted Funds	Balance at 1 January 2015 £000's	Net movement in the year £000's	Transfers £000's	Balance at 31 December 2015 £000's
Donated Assets	41	(1)	-	40
Maintenance projects	216	(163)	-	53
Music fund	-	212	-	212
	<u>257</u>	<u>48</u>	<u>-</u>	<u>305</u>

16. Reconciliation of net cash inflow from operating activities

Consolidated

	2016 £000's	2015 £000's
Net income before revaluations and disposals of property and investments (see page 13)	1,397	426
Income from property and investments	(674)	(623)
Property management costs, rental collection fees and investment management costs	153	150
Gift of endowment	(236)	(104)
Depreciation	91	94
(Increase)/Decrease in stocks	(51)	(25)
(Increase)/Decrease in debtors	(92)	(32)
Increase/(Decrease) in creditors	44	(89)
Provisions for liabilities and charges	-	(3)
Net cash inflow/(outflow) from operating activities (see page 17)	<u>632</u>	<u>(206)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. Reconciliation of net cashflow to movements in net cash

Consolidated

	2016 £000's	2015 £000's
Decrease in cash in year	(120)	(24)
(Decrease)/Increase in short term deposits	(6)	2
(Decrease) in net funds for the year	<u>(126)</u>	<u>(22)</u>
Net Cash at 1 January 2016	1,032	1,054
Net Cash at 31 December 2016	<u><u>906</u></u>	<u><u>1,032</u></u>

18. Analysis of changes in net cash

	At 1 January 2016 £000's	Cash flow £000's	At 31 December 2016 £000's
Cash at bank and in hand	626	(120)	506
Cash held as investment assets	406	(6)	400
	<u>1,032</u>	<u>(126)</u>	<u>906</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

19. Subsidiary company

Chapter has a wholly owned subsidiary company, Ely Cathedral Enterprises Ltd, a company incorporated in England and Wales. The principal activities of the company are the sale of books, souvenirs and the provision of refreshments and catering services.

Chapter holds 2 ordinary £1 shares in the company, being 100% of the issued share capital.

A summary of the trading results is shown below:

	2016 £000's	2015 £000's
Turnover	1,328	1,294
Cost of sales	(485)	(455)
	<hr/>	<hr/>
Gross profit	843	839
Administrative expenses	(666)	(667)
	<hr/>	<hr/>
Profit on ordinary activities before gift aid	177	172
	<hr/>	<hr/>
Gift aid – profits transferred to the Cathedral	177	172
	<hr/> <hr/>	<hr/> <hr/>

A summary of the balance sheet is shown below:

	2016 £000's	2015 £000's
Fixed assets	61	63
Stocks	144	94
Debtors	10	12
Cash at bank and in hand	94	113
Creditors	(309)	(282)
	<hr/>	<hr/>
Total funds (£2)	-	-
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

20. Connected entitiesNot controlled by the Chapter

The Friends of Ely Cathedral is a charity that is wholly for the benefit of the Cathedral but is not controlled by Chapter. Details of the latest unaudited accounts of this charity, which are not consolidated into these accounts, are summarised below:

	2016 £000's	2015 £000's
Statement of Financial Activities		
Income	80	1,010
Net income for year	25	965
Other recognised gains/(losses)	91	(12)
Net movement in funds	116	953
Amounts paid to Ely Cathedral	-	39
Balance Sheet		
Investments	943	827
Net current assets	128	126
Total funds	1,071	954

The Ely Cathedral Trust is a charity that is wholly for the benefit of the Cathedral. The Trustees are appointed by Chapter but exercise full control over the Trust. Details of the latest audited accounts of this charity, which are consolidated into these accounts, are summarised below:

	2016 £000's	2015 £000's
Statement of Financial Activities		
Income	1,186	688
Net income for the year	667	378
Other recognised gains	684	78
Net movement in funds	1,351	456
Amounts paid to Ely Cathedral (note 24)	498	289
Balance Sheet		
Investments	7,108	5,723
Net current assets	417	450
Total funds	7,525	6,173

The Ely Cathedral Education Trust is a charity that is wholly for the benefit of The Ely Cathedral. No separate financial statements for the charity are required. The charity reported a net deficit for 2016 of £352 (2015 – surplus £1,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

21. Properties***Investment properties***

As stated in Note 1, Chapter has obtained market valuations on all investment properties which are occupied by third parties. In addition there are other properties that are used by the Cathedral and its trading subsidiary which as stated in note 1 are at fully depreciated value. All of these properties have an insurance valuation, based on the cost of rebuilding, of £8,862,221 (2015-£8,162,624). The investment assets were considered for revaluation as at 31 December 2016. After taking advice from property agents, changes to property values were required and the valuation increased in accordance with note 8.

Other properties

Chapter is also responsible for five properties occupied by clergy of the Cathedral. These properties have an insurance valuation, based on the cost of rebuilding, of £14,169,539 (2015-£13,690,374). None of these properties is let at a market rent.

The office and administration accommodation used by Chapter has an insurance valuation of £4,362,567 (2015-£4,215,041).

The premises occupied by the Cathedral's trading outlets are charged a commercial rent amounting to £62,500 (2015-£62,500). The Cathedral Shop and Refectory are located in the Cathedral itself and have no separate insurance value. The Almonry Restaurant and Old Choir House Shop have an insurance value of £3,148,179 (2015-£3,041,719).

None of the properties, other than certain investment properties, are included in the Cathedral's balance sheet as explained in the accounting policies section.

King's Ely properties

Chapter leases properties to King's Ely. Four of these properties form part of an agreement whereby a nominal rent is charged in return for the School being responsible for the maintenance, upkeep and restoration of these properties. The properties occupied by King's Ely have an insurance value of £19,618,800 (2015-£19,289,486), and during the year the Cathedral received rents of £44,202 (2015-£44,202) which are included in property income.

None of these properties is included in the Cathedral's balance sheet, as explained in the accounting policies section.

22. Related Party Transactions

During the year, the Cathedral undertook a number of transactions with the King's Ely.

Rent paid to Cathedral £44,202 (2015-£44,202)

Cathedral cost of educating Choristers £183,681 (2015-£178,933)

The Dean of Ely Cathedral is an ex-officio governor of the King's Ely.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

23. Future commitments
Consolidated & Cathedral

	2016	2015
	£000's	£000's
Contracted for	<u>84</u>	<u>194</u>

The contracted commitments in 2015 and 2016 represented the remaining components of the rewiring of the Cathedral.

24. Consolidated Entities

The following transactions between Ely Cathedral and Ely Cathedral Trust have been eliminated on consolidation.

	2016	2015
Fabric and maintenance grant	249,996	40,000
Music appeal	100,000	100,000
Scholarships	95,265	81,408
Charitable grant	53,095	67,917

The above amounts were paid by Ely Cathedral Trust to Ely Cathedral. The amount owed by Ely Cathedral Trust at 31 December 2016 to Ely Cathedral Chapter totalled £138,911 (2015 – £17,020).

The following transactions between Ely Cathedral and Ely Cathedral Enterprises Limited have been eliminated on consolidation.

	2016	2015
Gift aid profits	177,076	172,031
Property income and other recharges	74,004	74,004

The above amounts were paid by Ely Cathedral Enterprises Limited to Ely Cathedral. The amount owed by Ely Cathedral Enterprises Limited at 31 December 2016 to Ely Cathedral Chapter totalled £264,064 (2015 - £239,001).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Comparative Statement of Financial Activities
Consolidated

	2015			Total £000's
	Unrestricted £000's	Restricted £000's	Endowment £000's	
Income and Endowments from:				
(i) Donations and legacies	290	633	104	1,027
(ii) Grants in support of missions	-	587	-	587
(iii) Charges and fees arising in the course of mission	307	-	-	307
(iv) Trading and fundraising	1,855	-	-	1,855
(v) Investments	416	74	136	626
Total Income	2,868	1,294	240	4,402
Expenditure on:				
Raising funds	1,549	-	-	1,549
(i) Ministry	685	127	-	812
(ii) Cathedral and precincts upkeep	573	747	-	1,320
(iii) Education and outreach	210	-	-	210
(iv) Community, parish and congregation	81	-	-	81
Other expenditure	4	-	-	4
Total Expenditure	3,102	874	-	3,976
Net (expenditure)/income before investment gains	(234)	420	240	426
Net gains/ (losses) on investments	(61)	27	49	15
Net (expenditure)/income	(295)	447	289	441
Gross transfer between funds	76	12	(88)	-
Net movement in funds	(219)	459	201	441
Reconciliation to funds:				
Total funds brought forward	5,037	2,070	3,621	10,728
Total funds carried forward	4,818	2,529	2,811	11,169

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

26. Comparative Statement of Financial Activities (continued)
Cathedral Only

	Unrestricted £000's	2015 Restricted £000's	Total £000's
Income and Endowments from:			
(i) Donations and legacies	396	338	734
(ii) Grants in support of missions	-	702	702
(iii) Charges and fees arising in the course of mission	488	-	488
(iv) Trading and fundraising	561	-	561
(v) Investments	410	-	410
(vi) Other income	74	-	74
Total Income	<u>1,929</u>	<u>1,040</u>	<u>2,969</u>
Expenditure on:			
Raising funds	493	-	493
(i) Ministry	683	127	810
(ii) Cathedral and precincts upkeep	572	747	1,319
(iii) Education and outreach	209	-	209
(iv) Community, parish and congregation	80	-	80
(v) Other Expenditure	4	-	4
Total Expenditure	<u>2,041</u>	<u>874</u>	<u>2,915</u>
Net (expenditure)/income before investment gains	(112)	166	54
Net gains/ (losses) on investments	(62)	-	(62)
Net (expenditure)/income	(174)	166	(8)
Gross transfer between funds	118	(118)	-
Net movement in funds	(56)	48	(8)
Reconciliation to funds:			
Total funds brought forward	<u>4,746</u>	<u>257</u>	<u>5,003</u>
Total funds carried forward	<u><u>4,690</u></u>	<u><u>305</u></u>	<u><u>4,995</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. Comparative Balance sheet (continued)

Consolidated

	Unrestricted £000's	Restricted £000's	2015 Endowment £000's	Total £000's
Fixed assets				
Investment assets				
Property	1,375	-	-	1,375
Investments	2,446	2,062	3,544	8,052
	<u>3,821</u>	<u>2,062</u>	<u>3,544</u>	<u>9,427</u>
Non investment assets				
Equipment and plant	631	40	-	671
Total fixed assets	<u>4,452</u>	<u>2,102</u>	<u>3,544</u>	<u>10,098</u>
Current assets				
Stocks	97	-	-	97
Sundry debtors and prepayments	156	15	26	197
Cash at bank and in hand	346	420	266	1,032
	<u>599</u>	<u>435</u>	<u>292</u>	<u>1,326</u>
Liabilities due within one year				
Sundry creditors and accruals	205	8	14	227
Net current assets	<u>394</u>	<u>427</u>	<u>278</u>	<u>1,099</u>
Provision for liabilities and charges				
Multi-Employer Defined Benefit scheme liability	28	-	-	28
Net assets	<u>4,818</u>	<u>2,529</u>	<u>3,822</u>	<u>11,169</u>
Represented by funds	<u>4,818</u>	<u>2,529</u>	<u>3,822</u>	<u>11,169</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

27. Comparative Balance sheet (continued)
Cathedral Only

	Unrestricted £000's	2015 Restricted £000's	Total £000's
Fixed assets			
Investment assets			
Property	1,376	-	1,375
Investments	2,329	-	2,329
	<u>3,704</u>	<u>-</u>	<u>3,704</u>
Non investment assets			
Equipment and plant	567	40	607
	<u>4,271</u>	<u>40</u>	<u>4,311</u>
Total fixed assets			
Current assets			
Stocks	3	-	3
Sundry debtors and prepayments	401	-	401
Cash at bank and in hand	223	265	892
	<u>627</u>	<u>265</u>	<u>892</u>
Liabilities due within one year			
Sundry creditors and accruals	180	-	180
	<u>447</u>	<u>265</u>	<u>712</u>
Net current assets			
Provisions for liabilities and charges			
Multi-Employer Defined Benefit scheme liability	28	-	28
	<u>4,690</u>	<u>305</u>	<u>4,995</u>
Net assets			
Represented by funds	<u>4,690</u>	<u>305</u>	<u>4,995</u>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHAPTER OF ELY CATHEDRAL

We have audited the financial statements of Ely Cathedral for the year ended 31 December 2016 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the Cathedral statement of financial activities, the Cathedral balance sheet, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Chapter and Auditors

The responsibilities of the members of the Chapter for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Chapter's Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting and reporting regulations for English Anglican Cathedrals (February 2105) specified by the Church Commissioners under the powers given to them by Section 27 of the Cathedrals Measure 1999. We also report to you if, in our opinion, the Annual Report is not consistent with the financial statements, if the Cathedral has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements of material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosure in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Cathedral's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chapter; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Cathedral as at 31 December 2016 and of the incoming resources, including its income and for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHAPTER OF ELY CATHEDRAL

Matters on which we are required to report by exception

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

- the information given in the Annual Report is inconsistent in any material respects with the financial statements; or
- the Cathedral has not kept sufficient accounting records; 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.

Price Bailey LLP

Price Bailey LLP
Chartered Accountants & Statutory Auditors,
6 High Street
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Dated: *23 May 2017*