

THE TRURO DIOCESAN BOARD OF FINANCE LIMITED

England & Wales · Charity number 248330

Details

Other names	THE BOARD OF FINANCE OF THE DIOCESE OF TRURO
Status	Registered
Legal form	Charitable company
Company number	00049825
Registered	1966-06-21
Register	View on the Charity Commission register

Contact

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Website	www.trurodiocese.org.uk

Activities

Objects: TO PROMOTE AND ASSIST THE WORK, OBJECTS AND PURPOSES OF THE CHURCH OF ENGLAND FOR THE ADVANCEMENT OF THE CHRISTIAN RELIGION IN THE DIOCESE, AND IN PARTICULAR TO ORGANISE AND PROVIDE FUNDS IN AID OF WORK OF THE CHURCH INCLUDING: TRAINING FOR MINISTRY; MAINTENANCE AND FINANCIAL SUPPORT AND ASSISTANCE OF MINISTRY; PROVISION OF PENSIONS FOR THE CLERGY AND FOR LAY WORKERS; PROVISION OF SITES FOR, AND THE ERECTION, EQUIPMENT, IMPROVEMENT, ENDOWMENT, MAINTENANCE AND REPAIR OF CHURCH BUILDINGS, MISSION ROOMS, CHURCH HALLS, PARSONAGE HOUSES, HOSTELS, CLERGY HOUSES, INSTITUTES, HALLS, REFUGES, CLUBS, HOUSES AND ANY OTHER BUILDINGS, WHETHER TEMPORARY OR OTHERWISE, TO BE USED FOR OR IN CONNECTION WITH ANY OF THE OBJECTS OF THE COMPANY; RELIGIOUS EDUCATION IN ALL ITS BRANCHES, INCLUDING THE PROVISION OF SITES FOR AND THE BUILDING, EQUIPMENT, IMPROVEMENT AND REPAIR OF CHURCH OF ENGLAND SCHOOLS AND COLLEGES; PROVISION OF EXPENSES OF DIOCESAN AND CENTRAL ORGANISATION; SUCH OTHER OBJECTS AND PURPOSES AS FROM TIME TO TIME MAY BE EXPEDIENT FOR THE BETTER CARRYING FORWARD OF THE CHURCH'S WORK AND TO AID AND FURTHER (IN SUCH MANNER AS MAY FROM TIME TO TIME BE APPROVED BY A RESOLUTION OF THE SYNOD) THE OBJECTS AND WORK OF THE CHURCH OF ENGLAND IN ANY PART OF ENGLAND AND WALES OUTSIDE THE DIOCESE OR BEYOND THE BORDERS OF ENGLAND AND WALES OR ANY MISSION OR CHURCH OR BODY OF CHRISTIANS IN COMMUNION WITH THE CHURCH OF ENGLAND BEYOND SUCH BORDERS

Activities: Promoting and assisting the works, objects and purposes of the Church of England, the advancement of the Christian religion in the Diocese of Truro and, in particular organising and providing funds for various departments of the Church's work.

Classification

- **How:** Provides Services
- **What:** Religious Activities
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF TRURO
- Cornwall

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£7,099,311	£11,413,712	£120,049,893	41
2023-12-31	£7,031,528	£9,137,580	£119,923,025	37
2022-12-31	£7,260,955	£8,184,489	£115,535,837	35
2021-12-31	£6,855,396	£7,526,724	£113,748,282	38
2020-12-31	£6,972,217	£7,414,063	£101,273,931	36

Trustees

Name	Role	Appointed
Anna Elizabeth Harborne Corbett		2020-05-07
Charlotte Elisabeth Irwin		2015-10-16
DR Andrew Gibb Thompson		2016-09-20
Justin Mark Day		2024-09-14
Karen Louise Bond		2024-10-21
MICHAEL JAMES STURGESS		2025-12-02
Rev Douglas Peter Wren		2025-06-02
Rev Elizabeth Mary Ann Burke		2024-10-21
Rev Penelope Jane Leach		2026-05-28
Rev Robert Jeffrey Terry		2024-08-01
Right Reverend James Treasure		2026-05-10
Rt Rev David Grant Williams		2025-03-28
Simon Andrew Taurins		2024-10-21
The Reverend Jeffrey Edward Risbridger		2024-10-21
The Venerable Clive Duncan Hogger		2024-06-25

Linked charities

- DIOCESE OF TRURO EDUCATION TRUST (248330-1)

THE TRURO DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 248330

Accounts

Company Registration No. 00049825
Charity No. 248330

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2024

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2024

"For surely I know the plans I have for you, says the Lord, plans for your welfare and not for harm, to give you a future with hope"

Jeremiah 29.11

The trustees of The Truro Diocesan Board of Finance Limited (the TDBF), who are also the directors of the TDBF for the purposes of company law, continue to trust in the God of all grace, who calls us, and who is faithful. We trust in the plans that God has made for us, trusting that God gives all the gifts that we need, and praying for wisdom that we might use those gifts to God's purposes. God's church in Cornwall, the Isles of Scilly, and our two parishes in Devon, is richly blessed, and the work of the TDBF has supported parish churches, schools and worshipping communities towards fruitfulness and sustainability.

2024 saw a continuation of the implementation of strategic plans with the four key headlines in this report being:

- first, the trustees continue to be committed to **supporting strategic change** through the Diocesan Plan for Change and Renewal based on plans made locally in each deanery. Diocesan strategies and planning are focussed on this work;
- second, **direct support for parish ministry** continued, principally through the allocation of TDBF income and reserves, and through operational priorities;
- third, **income from investments, including the Glebe estate, remained strong overall**;
- finally, income **contributed by parishes to the Mission and Ministry Fund (MMF)** performed very well with a higher collection rate, increasing to 94% when compared to budget and including contributions relating to the previous years call.

This strategic approach continued under the leadership of Hugh Nelson as acting diocesan bishop. During the vacancy in see the trustees have continued to support the strategic approach outlined above. Bishop David Williams was announced as the new Bishop of Truro in December 2024, he became Bishop of Truro in March 2025 and will be welcomed to the diocese in May 2025.

During 2024 the top operational priorities of the TDBF have been:

- clergy recruitment – continuing to lower the "vacancy rate" and appointing a record number of clergy;
- safeguarding – implementing the recommendations of the independent INEQE safeguarding audit, including increasing the size and capacity of the safeguarding team;
- Change and Renewal – supporting deaneries and parishes in the implementation of deanery plans and the Diocesan Plan for Change and Renewal.

The national church remains a key partner for strategic funding, particularly for supporting change and renewal, and supporting parishes with high levels of economic deprivation.

Supporting strategic change

At a diocesan level, work to lead change and renewal is broadly in line with expectations at this point, but the large number of clergy moves in 2023 and 2024 has had two major impacts that can be seen in these accounts:

- property major works spend has been brought forward in order to carry out works on properties when they are vacant to try to minimise disruption to ministry; and
- there has sometimes been delay or interrupted work towards fruitfulness and sustainability at parish and deanery level.

Trustees authorised significant additional spending on property during 2024, in effect bringing forward expenditure on major works that would have followed in subsequent years. The work was prioritised to support the aim of reducing clergy vacancy rates, and did result in reprofiling the budget mid-year with a consequent additional spend of £1.25m against the original budget.

Work to grow and embed models of ministry that are fruitful and sustainable is taking place across the diocese and the TDBF are supporting that work. We know that this work is moving more quickly in some places than in others, and that in some places significant challenges remain. The approach of the trustees has been, and continues to be, support local plans through resources and project management capacity, to create a stable financial framework for parishes, and to seek national support for the work.

Direct support for parish ministry

The use of assets is in line with plans made in our Assets Strategy, and continues to be sustainable. At the end of 2024, and reported here, the balance sheet is stronger than projected at this point in the Assets Strategy, but given the wider uncertainty in the economy we are not proposing to draw more from reserves than in the agreed strategy at this time. We plan to review the Assets Strategy in year 5 of 10, with the work taking place in 2026 and 2027 in time for the 2028 budget.

The use of reserves to support mission and ministry is ahead of projections, largely as a result of the increased spend on property major works and we expect this to reduce naturally with fewer clergy moves.

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During 2024, along with some external funding, the use of reserves to enable a focus on supporting parish ministry included:

- pushing down on the MMF call to provide stability for parishes;
- an increase in the level of stipend above the national average; and
- resourcing of Church House based on deanery plans.

Within the Diocesan Plan for Change and Renewal, and with MMF collection rates remaining strong, the TDBF continued to allocate all of the Lowest Income Communities Funding to support parish ministry and mission.

Income from property and investments

The cooling or flat domestic property market in Cornwall pushed down yields for rental properties in the year and saw an end to the rapid sale-value inflation seen since 2020. However the value of the estate overall, and properties identified for sale in particular, continues to track close to or even above inflation. Income from completed property sales was below expectations in 2024, mainly because of fewer or delayed sales rather than lower sale values, but we expect this to correct in 2025 and 2026. Property sales continue to be part of the overall approach to maximise income to support ministry, to align the estate to our objectives, and in some cases to release capital to invest in the remaining estate.

The Glebe estate continued to show resilience. Whilst the yield on the largely agricultural estate remains relatively low, the overall performance on a total returns basis remains satisfactory.

MMF income

The budget for MMF contributions from parishes in 2024 was based on commitments described in deanery plans, as it has been for the last two years. The collection rate, when actual contributions are compared to the budget, increased from 91% to 94% in 2024. This continues to give trustees the confidence to make assets available to support deanery plans. The trustees are grateful to PCCs and parish leaders for their continuing commitment to the flourishing of God's church in Cornwall.

After five years of not passing on the full inflationary increase in costs to parishes through the MMF call we expect to see above inflation increases in the call from 2026, this has been referenced in the MMF consultation work recently completed.

The trustees present their annual report together with the audited financial statements for the year ended 31 December 2024.

This combined report satisfies the legal requirements for:

- a Directors' Report and Strategic Report of a charitable company; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal Objects

The overall objects of the TDBF are to support and promote the work of the Church of England in the Diocese of Truro and to act as a good steward of the resources entrusted to it.

The principal objects set out in the TDBF's Articles of Association are:

- to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Truro, and in particular to organise and provide funds in aid of the work of the Church including:
 - training for ministry;
 - maintenance and financial support and assistance of ministry;
 - provision of pensions for the clergy and for lay workers;
 - overseeing the various properties used by the wider church, including churches, church halls, clergy houses and other buildings;
 - providing religious education through Church of England schools and colleges as well as elsewhere; and
 - financing the diocesan and central organisation.

The TDBF has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 2020;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCC) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2024

Legal Objects (continued)

The strategic priorities of the TDBF are established by the trustees and Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Truro (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

Vision, Aims and Objectives

The Diocesan Plan for Change and Renewal describes three main themes or priorities emerging from deanery plans and shaping the work of the Board;

- significant changes in patterns of ministry;
- reversing the steep decline in the number of children and young people with whom we have significant engagement; and
- shifting resources towards ministry and mission in communities experiencing deprivation.

In addition to those three headline themes five other significant priorities are clear in deanery plans and hence in diocesan planning:

- achieving the national ambition for cutting carbon emissions to net zero by 2030;
- supporting parishes in their stewardship of buildings, particularly church buildings;
- a focus on how small churches are able to flourish;
- changes to governance and leadership arising from changing patterns of ministry and to support mission; and
- achieving a sustainable financial model for local churches in partnership with the TDBF and the national church.

Activities and achievements during the year

The overall strategic priorities for the TDBF in 2024 continued to work towards fruitfulness and sustainability at parish level. The focus was therefore in supporting parishes in implementing deanery plans, this is consolidated in the Diocesan Plan for Change and Renewal and progress towards implementing this in 2024 continued.

Key decisions taken by trustees during 2024 included:

- approving plans for clergy recruitment;
- concluding a trustee-led review of governance and receiving recommendations;
- receiving the independent INEQE safeguarding audit, accepting its recommendations, and approving the consequent Action Plan;
- approval of a People Plan to support the implementation of the Diocesan Plan for Change and Renewal;
- noting the failure to appoint to the Deans of Area roles and approving proposals for the appointment of Strategic Rural Deans with supporting House for Duty posts and other changes;
- approval for significant increases to the budget for major works in clergy housing, noting the very high number of clergy moves in 2024;
- approval of a consultation on a proposed new MMF formula shaped to support implementation of deanery plans; and
- approval of the 2025 budget.

During 2024 Clive Hogger became Archdeacon of Cornwall, and David Williams was announced as the new Bishop of Truro. Following triennial elections, we welcomed more than 40 new members to diocesan synod and 10 new members to the Bishops Diocesan Council.

Change and Renewal

During 2024 every deanery plan was reviewed with local implementation teams. Part of the work was to identify progress in a way that could be compared 'like for like' across the diocese and which allowed priorities to be agreed, as well as considering whether the plans continue to be 'fit for purpose'. The detailed work behind these summaries is giving the deanery teams their priorities for 2025.

Work started, and is continuing in 2025, on the Children, Young People and Families plan which has revealed the scale of the challenge and the limitations in our capacity to do the work. The intention is to use TDBF reserves to fund this work in line with the Assets Strategy, and to seek national funding support.

Resourcing ministry in communities experiencing deprivation is a priority for the trustees. During 2024 the national Lowest Income Communities Funding (LICF) was used in deaneries as budgeted and as per the deanery plans. Diocesan mission funding was however underspent when compared to budgets based on deanery plans. The failure to spend available mission funding reflected the challenges for leading change in some places and the difficulty of implementing ambitious plans in communities that are often

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Change and Renewal (continued)

hard-pressed. The impact of the LICF funding has been significant. Mission funding is intended to help grow ministry from a financially unsustainable position to sustainability, evidence for the effectiveness is part of the deanery plan review work.

Parishes are also able to apply for grants of up to £5,000 for missional projects. 18 grants were issued in 2024 totalling £33,168. Funded projects included a community larder, a generator for agricultural chaplaincy, wild church, a children's cinema club, training for deaf church, Easter prayer stations and equipment for a toddler group.

100% of recipients stated the grant funded project had a positive impact on the running of the church; 100% reported a positive impact on the mission in their areas; and 80% stated that it had increased visitor numbers.

In the Diocesan Plan we have committed to supporting churches with their buildings. The first step has been to secure £104,165 in funding from the national church to pay for a Church Building Support Officer to help churches maintain, repair and develop their buildings, with a focus on project development and fundraising. This officer has worked with 80 churches this year, liaising very closely with the DAC Secretary and committee.

A further £137,000 from the national church has meant that we can give grants up to £10,000 to churches for maintenance and repairs and the diocese supports this with small discretionary grants to help pay for professional fees. So far £41,000 in 9 grants has been released for items such as rainwater goods repair, bat mitigation and masonry repairs. 100% of churches receiving a grant said it will help to increase the number of visitors/worshippers to church and 80% stated that the works had a significant positive impact on mission and ministry.

A strategic plan for supporting parishes in their stewardship of church buildings will be progressed in 2025.

The work on small churches progressed during 2024 and is expected to be reported on in 2025.

Ordained, Licensed, and Commissioned Ministries

Providing and supporting clergy, particularly but not exclusively stipendiary clergy, is a core part of the work of the TDBF. The Board also supports the discernment, training and ongoing flourishing of Readers and many other commissioned lay leaders and ministers.

While the TDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the TDBF reimburses monthly for the costs of stipendiary clergy deployed in the diocese. Caring for the clergy, curates, readers, local worship leaders and local pastoral ministers in the diocese is a priority of the TDBF and ministry costs represent by far its largest financial commitment.

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry. There was a lower rate of vacancies at the end of 2024 when compared to 2023:

	<u>2024</u>	<u>2023</u>
Stipendiary incumbent status clergy	48	39
Self-supporting clergy	15	18
'House for Duty' clergy	3	3
Stipendiary curates	10	16
Self-supporting curates	6	6
Readers	91	91
Clergy with Permission to Officiate (incl retired and non-retired)	162	167
Local Worship Leaders	232	232
Local Pastoral Ministers	212	217

Deanery Plans describe approximately 60 stipendiary incumbent status roles. Truro is one of very few dioceses who managed to increase the number of clergy being paid a stipend during 2024 (from 55 to 58 including stipendiary curates) these numbers have continued to rise in 2025 and TDBF continues to prioritise this work. Pushing down the vacancy rate has been a significant achievement in the context of falling numbers of clergy available nationally.

Behind these numbers lies a year of unprecedented movements with more appointments made than in any recent years. We welcomed 20 clergy to new posts in the year, with ten internal moves and ten from outside the diocese, with five more appointments made but not in post until early 2025. Further increasing and sustaining the stipendiary clergy headcount will be challenging in 2025. We will continue to work to describe and promote patterns of ministry needed for fruitfulness and sustainability.

During 2024 (and in 2023) we identified strong and effective deanery leadership as a vital element in implementing plans for fruitfulness and sustainability. We attempted to implement approved plans for "Deans of Area", it proved impossible to recruit to these posts and the model was abandoned. New plans for "Strategic Rural Deans", closer to, but distinct from, the traditional rural

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Ordained, Licensed, and Commissioned Ministries (continued)

dean role were developed. We have recruited to seven of the twelve posts. Recruitment to the supporting "House for Duty" roles will begin in 2025.

Cut carbon, cherish creation, speak up!

Work continues to deliver the Diocesan strategy to Cut Carbon, Cherish Creation and Speak Up, with very significant reductions in emissions of carbon net zero, particularly from clergy housing.

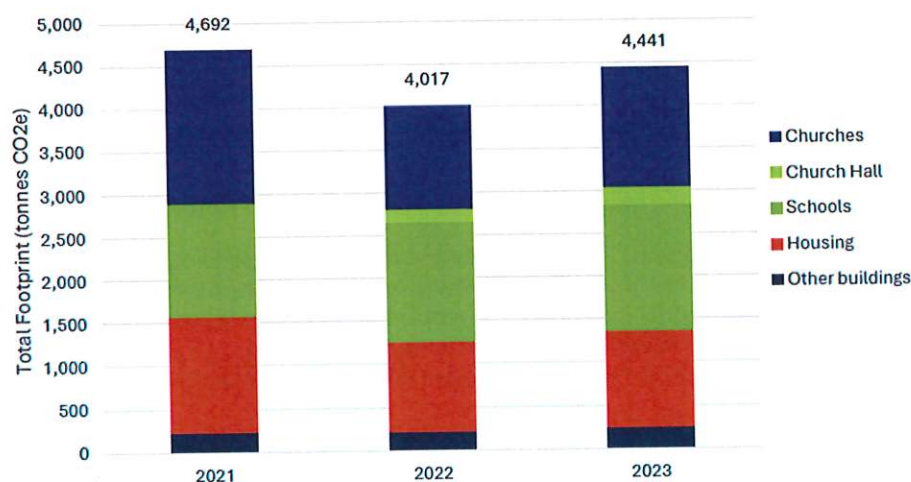
Significant progress has been made by the property management team with twenty one properties (from zero in 2021) with an 'A' rated EER (Energy Efficiency Rating) and a coherent plan and growing capacity for carrying this work forward. The cost of the work is rising faster than anticipated and is requiring a careful review of the budget to prioritise impact and supporting the deployment of clergy with minimal disruption.

£58,850 has been secured from the national church to give grants to churches for 'Quick Wins' to help churches cut carbon and energy bills. These grants compliment the work of the Cut Carbon Support Officer for churches, who supported 50 churches in 2024. 70 churches have received an energy audit (the top 20% highest emitting in the diocese), as have all 44 church schools.

There are 100 (up from 72) Creation Care Champions across the diocese. These are passionate and dedicated volunteers who are driving change locally, supported by the Creation Care Network established by the Diocesan Environment Officer. 84% (up 10%) of churches reported on their energy use via the Energy Footprint Tool, data which is being used to allocate grants and prioritise support. 80 churches are registered Eco Churches (up from 0 in 2022), with 3 now holding the coveted Gold award.

The challenge of Net Zero and climate justice can sometimes feel unsurmountable, but it is our missional imperative as a church to 'safeguard the integrity of creation' and we continue to seek to lead in this work and set an example for others to follow.

The national church now provides us with a summary of the carbon emissions for the diocese. As we are still collecting data for 2024 this data is to 2023:



Church House

During 2024 the TDBF team moved from Woodland Court (rented privately) to smaller accommodation rented from Truro Cathedral – the Old Cathedral School. The new home provides much closer physical proximity to key partners in the cathedral team, as well as a city centre location more easily accessed by public transport. The TDBF has continued to ask staff to work on a "hybrid" basis with most staff working from home most of the time, this has allowed us to reduce "desk-space" significantly with a consequent cost saving, and to recruit from a wider field of candidates.

The staffing of some of the Church House teams increased during 2024. The core safeguarding team was increased in response to recommendations made by the INEQE independent audit, the cost of this staffing increase falls to TDBF. The safeguarding team have seen very significant increases in the number of referrals received, and in the number of serious cases that they handle. Other staffing increases have been limited either to posts funded at least in part by the national church and where the post holder will directly support parish ministry as well as accessing other national funding, and posts funded by the TDBF but where the role is called for to implement priorities in deanery plans and the Diocesan Plan for Change and Renewal.

Trustees are alert to the challenge that comes from employing an average core lay staff of around 41 (37 in 2023) full time equivalent in a diocese of this size, and with stipendiary clergy numbers at around 60. A typical "head office" of that balance may be unsustainable, but trustees take the view that the statutory role and duties of the TDBF require a staff of that order. Staff are focussed on providing support for parishes in their vital work of change and renewal and roles are tightly aligned to those priorities.

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Church House (continued)

Where possible, opportunities to use national or third-party funding are taken to reduce the burden on parishes. Trustees benchmark the size and cost of the team against other small dioceses.

Public benefit

The trustees believe that, by promoting the work of the Church of England in the Diocese of Truro, the TDBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in the Advancement of Religion for the Public Benefit and have had regard to it in their administration of the TDBF.

Work with schools

The work of the Diocesan Board of Education (DBE) in 2024 has seen the implementation of both our strategic commitments which were set when our Diocesan Director of Education (DDE), Lee Moscato, took up post and also, refining some of our operational working procedures.

The work has focused on delivering on our aim which is, 'to be a significant partner in improving outcomes for all children in Cornwall and the Isles of Scilly.' The DBE works to this ambition by promoting and living out the Vision for Education of the Church of England and the wider vision for the diocese.

The last year has seen us focus wholly on delivering our strategic commitment which has the following five core threads aimed at enabling our schools, and all those in and around them, to flourish. Within the strategic plan, which will be reviewed in the summer of 2025, there is a focus on partnerships and how, through these, we can improve educational, societal and life affecting outcomes for all children in Cornwall and the Isles of Scilly:

- Powerful Partnerships – partnering with others to fulfil our commitment to improve outcomes and provision for pupils, adults and school communities;
- Joining the DoTS (Diocese of Truro Schools) – ensuring meaningful connections with and for the church schools in our diocese;
- Community, Care and Connectedness – to provide for the most vulnerable through the right people, in the right place with the right purpose to support the pastoral, well-being and spiritual needs of children, young people and their families;
- Worshipping Life of Schools and Communities – to ensure flourishing, school communities that are committed and equipped to develop the spiritual life of the school and the community; and
- Creation Care – to support schools in making a concerted effort to care for God's creation.

Within our work, there have been two significant areas we have focused on which deliver on two core threads but have overlap with others. One area has been on delivering the Flourishing Schools Programme. This sees us train strategic leaders in multi-academy trusts and schools who will partner with us through networking, training and resources to mutually deliver the DBE Measure. Leaders are identified and trained in governance, recruitment and induction, Religious Education (RE) and Collective Worship. These leaders support us in delivering our work and speak into the wider school improvement and support mechanisms in multi-academy trusts and schools. Already, we are seeing the fruit of this work through improved provision in these core areas in some schools and trusts and more robust procedures in place regarding governance and HR.

Another core area of work has been the delivery of the Flourish Network Pilot. This is part of a national pilot seeing our diocese selected as one of only 12 nationally and us having 3 of the 42 'worshipping communities' nationally here in our diocese. Our work in this area, partnering closely with colleagues in Ministry and Change & Renewal, saw us select three pilot locations, each with different contexts, links and ambition, to explore how our work under the national 'Growing Faith' umbrella might develop. The three sites have a core aim which is to bring home school and church together in a worshipping community driven by the school and the young people in it.

The three sites of the Flourish Pilot, in Camborne, Bodmin and St Austell, will not only inform the national work but also our own plans for growing a younger, more diverse and intergenerational church here in our diocese. The pilot is still in its early stages and we are looking forward to sharing more of this work in the coming months.

Creation Care is something we are proud of. The work of our Creation Care Schools Officer has seen over 500 pupils join workshops in churches across the diocese and over 20 schools start the accreditation process to be an 'Eco-School'. Similarly the work of our Cut Carbon Schools Officer has seen several multi-academy trusts begin to implement trust-wide plans to cut carbon which have been informed by audits completed in all of the 43 church schools in our diocese.

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Work with schools (continued)

Training for school colleagues and leaders continues in areas such as RE, school leadership, curriculum and Statutory Inspection of Anglican and Methodist Schools (SIAMS) preparation. Feedback from those in and around our schools informs our work and training and we are planning how to provide retreats for adults in our schools, regular online worship that school-based adults can join in with and how to continue to support them to see how their work is indeed a calling and how we sustain them in their ministry in our schools.

Operationally, linked to the overarching strategic commitments, we have supported schools and trusts through providing a Governance Handbook, a Recruitment and Induction Guide for Schools and a suite of resources to support the curriculum and estates management in schools under the Creation Care work. These resources provide clarity of expectation (both from us as a diocese but also national) as well as transparency, consistency and supportive frames to follow.

Looking ahead, we will be reviewing our Strategic Commitments this year, evaluating and writing our next operational plan and providing more support to schools through further guides and resources including a 'Worship in Schools' booklet and support in developing a language of spirituality in our schools.

Volunteers

At every level the church in Cornwall relies on people giving their time and gifts freely. Trustees believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the TDBF trustees greatly value the considerable time given by all the synod, board and committee members across the diocese.

Financial Review

Financial performance

The Statement of Financial Activities (SoFA) for the year on page 21 shows total income of £7,099k (2023: £7,032k) and total expenditure of £11,414k (2023: £9,138k), resulting in net expenditure of £4,314k (2023: £2,106k).

The increase in income of £67k is made up of £71k higher parish contributions, £65k higher rental income and £195k higher investment income. This was in part offset by £92k less funding received from Archbishops' Council and £197k less realised gains on disposal of assets than in 2023.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2024 this income increased by £71k to £2,935k (2023: £2,864k). The MMF collection rate improved to 94.00%, from 90.72% in the previous year, see note 3 on page 29.

Income from the Archbishops' Council represents the second largest source of income at £1,612k, nearly 55% of the amount received from parishes in the form of MMF. The breakdown of the different funding streams received can be seen in note 3.

Expenditure increased by £2,276k. This is mainly due to resourcing ministry costing £2,086k more in 2024 when compared to 2023, with support for ministry and mission costing £201k more and expenditure on education costing £78k less.

Within the resourcing ministry heading is the budget for property maintenance which was increased, and spent, in 2024, by £2,016k. The opportunity to carry out works (which include net zero works) while properties are empty continued. There was also an increased amount spent on clergy settlements in 2024, £70k, along with higher resettlement and recruitment costs due to the high level of clergy changes in 2024, £85k. These were offset by a lower spend on clergy stipends and pensions of £134k which was due to fewer clergy being in post over the 12 month period when compared to 2023.

The increase in support for ministry and mission spend is predominantly (£174k) due to the spend relating to the new funding received from the Archbishops' Council for works on parish buildings, this includes Quick Wins and Net Zero works. There is also an increase in the cost of the safeguarding team (£70k) that has additional capacity to implement the findings of the INEQE audit in early 2024 along with an increased spend on Mission Fund grants (£9k). These increases are partially offset by a reduction in the spend on Transforming Mission (£93k) which is to be expected as the projects near the end of the period for which they are funded by Strategic Development Funding and TDBF reserves.

The property market in Cornwall, according to Land Registry data, strengthened again in 2024 with values increasing by an average of 2.2%. However, the value of the properties on the balance sheet have increased in 2024 by £2.4m, which is more than 2.2%. This has come about because the value of the works being carried out on some of our properties is increasing their value. This information comes from valuations on properties received when the quinquennial inspections are carried out.

The value of investments held also increased in value in 2024 with an unrealised gain of £1.66m, being made up of £0.86m on glebe and £0.8m on listed and unlisted investments.

This net gain resulted in the total fund balances again increasing from £119,923k to £120,050k.

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Significant property transactions

In 2024 the TDBF sold one property, which was replaced with a more suitable property, for net proceeds of £428k. Two properties were purchased in the year, both being replacement properties, one for the one sold in the year and the other for a property being sold in 2025.

The TDBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the diocese; and
- to realise development potential in some properties, thereby using resources more effectively for the ministry of the church.

Work on this strategy is continuing as the deanery plans are implemented as part of the Next Steps On the Way work.

Balance Sheet position

The net assets at the balance sheet date totalled £120,050k (2023: £119,923k). This includes 120 (2023: 121) properties totalling £64,784k (2023: £61,101k), which are mainly used to house the stipendiary clergy. The values of the properties range from £239k to £1.22m (2023: £234k to £1.2m). Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the TDBF.

The trustees are satisfied that the TDBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

Reserves Policy

Free reserves

Taking into account the continuing level of change in housing, MMF contribution levels, projected operating results and our commitment to the diocesan strategy, the trustees' policy is to hold the following reserves:

	General Fund £'000	Designated Funds £'000	Pastoral Account £'000	Total £'000
Working Capital	520	-	-	520
'Cashflowing' for replacing parsonages	-	-	1,500	1,500
Provision for covering any unexpected deficit	500	-	-	500
Additional working capital for regular housing maintenance and repairs	-	-	250	250
Funding any future developments arising from decisions taken at the BDC	100	-	-	100
Loans to PCCs	500	-	-	500
Designated Funds	-	12,860	-	12,860
Diocesan Pastoral Account - Benefice Accounts	-	-	4,000	4,000
Total	1,620	12,860	5,750	20,230

As at 31 December 2024 the amount of readily realisable assets in the General Fund required under the policy is £1,620k (2023: £1,620k), as per the table above. Actual free reserves as at 31 December 2024 amounted to £1,174k (2023: £2,553k) which is below the target amount and has come about as one Board property was purchased in 2024 before the property it is replacing is sold.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 23 on page 46. At 31 December 2024 total designated reserves were £18,072k (2023: £15,455k).

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Reserves Policy (continued)

Restricted and endowment funds

As set out in note 23 the TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2024 restricted funds totalled £8,999k (2023: £12,734k) and endowment funds totalled £91,805k (2023: £89,181k). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £3,268k (2023: £4,033k).

Fundraising Activities

The TDBF undertakes very limited fundraising activities directly with individuals. The majority of the TDBF's income comes from other charitable entities. The TDBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2024.

Investment policies

Under the Articles of Association, the TDBF has the power to make any investment which the Trustees see fit. The Investment Management Committee (the Committee) oversees the management of the TDBF's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the investments shall be administered and was last updated in January 2023. A revised policy is in the process of being drafted.

It is expected that an ethical approach is adopted at all times: broadly this encompasses the objectives of The Church of England's Ethical Investment Advisory Group, the Diocesan Environmental Policy and more recently the Church's objective of 'net zero' by 2030. The overriding objective is to support the mission of the Church in the diocese through a portfolio that aligns strongly with the diocesan and wider Church's Ethical, Social and Governance (ESG) values. The priorities are the maintenance of capital in real terms, together with a sustainable and growing level of distributions. The investments are to be managed on a total return basis. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale, as well as to keep pace with inflation. Other asset classes are included to moderate risk and protect income flows.

The Committee continues to believe that it is prudent to rely on external fund managers (particularly CCLA) in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Committee is permitted to consider all authorised managers and types of fund, subject to appropriate due diligence.

£1m of the CCLA CBF Global Equity Income Fund was sold in 2024 to realise cash to finance the increased property major works. All of the investments in renewables were sold in the year and the proceeds were reinvested equally in listed funds already held with Sarasin and Cazenove. In December 2024 all of the Sarasin Climate Active Endowment Fund was sold with the proceeds being immediately invested into a non fossil fuel Fund with Sarasin. No costs were charged for this transaction.

Investments are held in two of the CBF Church of England Funds, representing 63.9% of the total value of the TDBF's investments of £31,688k (excluding Glebe) at 31 December 2024. The remaining 36.1% are held in listed investments (see note 18 on page 41).

The Committee has adopted an Industry standard benchmark, the MSCI PIMFA Balanced Index for performance comparisons. The benchmark rose by 8.28% in capital terms in 2024 and the TDBF's combined portfolio (excluding glebe investments) rose by 2.53% in the same period. The main reason for this poorer performance was due to the renewable investments which were all sold towards the end of the year, partly because of this. The yield on the portfolio was 3.1%.

At present it is estimated that just about 13% of the portfolio is invested in renewable funds or projects. During 2022 a process started to try and calculate the carbon footprint of the TDBF portfolio and it proved quite challenging to obtain data. Some progress has been made in tracking progress towards net zero 2030 despite investments being outside the scope for the Church of England Net Zero 2030 agenda. It is estimated that in 2023 our carbon emissions from underlying scopes 1 and 2 emissions were 571 tCO₂e (2022: 629 tCO₂e). This is unaudited and is based on unaudited reporting by companies and funds that may be both erroneous and misinterpreted. There is also a small element of estimating where no data was available. It is hoped this reporting will improve for 2024 data. Some of the investments are in renewables and other activities helping to reduce others' carbon footprints but these savings have not been reported as offsetting the carbon footprint of our other investments.

The Committee continue to believe that the 'responsible', ESG aligned approach being adopted remains appropriate. The managers continue to focus on companies and sectors where there are good prospects for the medium to long term, whilst ensuring a dependable income flow in the short term, believing that a responsible approach by management to its business soon feeds through to profits and share prices. The Committee continue to believe the portfolio is well positioned.

The trustees consider these investment returns to be satisfactory and is comfortable with the asset allocation of the portfolio.

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Total Returns

On 28 March 2018, the TDBF, as the sole trustee of the Diocese of Truro Stipends Fund Capital Account (SCA), made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the SCA permanent endowment fund. On 28 March 2018, the TDBF identified the value of the gifts of permanent endowment as at 31 December 1999, the earliest

date with reliable valuations. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 28 March 2018 and the inflation-indexed baseline value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the TDBF to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the TDBF to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure on stipends and other direct clergy costs. The TDBF decided to make a transfer from unapplied total return to unrestricted income funds in both 2023 and 2024. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the trustees and the Bishop's Diocesan Council referred to an analysis prepared by Mike Sturgess, Chair of the TDBF until September 2024, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2024 is indicated in note 11 on page 36.

The Funds for Mission panel consider grant applications up to £5,000.

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry and are paid to other charitable projects which appear to the TDBF to support the furtherance of its objects.

Principal risks and uncertainties

The trustees and the Bishop's Diocesan Council are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the trustees on a regular basis, with the responsibility for delivery of the mitigation strategies identified being delegated to the Finance, Assets and Risk (FAR) Committee and the Diocesan Secretary.

The risk managers meet quarterly to discuss the ongoing development of the process and each register is reviewed in detail by the FAR Committee annually on a rotating schedule.

The risk register identifies the following high risk areas where the residual likelihood of the risk occurring is 'likely or almost certain' and the residual impact of the events is considered 'major or critical'. These areas and the associated mitigation strategies are:

- Finance: MMF income insufficient to meet financial commitments.
 - monthly monitoring by Finance department;
 - regular detailed MMF management information communicated to deaneries and parishes;
 - proactive approach to those not making MMF contributions implemented and parishes are being contacted;
 - mechanism for agreeing cost of ministry;
 - On the Way process working with deaneries to enable fruitfulness and sustainability for parishes;
 - annual budgeting;
 - prudent reserves policy, which is reviewed annually;
 - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme;
 - regular communications with the national team to understand national strategy and other dioceses challenges and experiences
- Ministry: lack of people within congregations willing/able to take on Parish Officer responsibilities (especially Parish Safeguarding Officers, Local Leaders, Treasurers and Churchwardens).
 - The ability of Church House staff to respond to enquiries and requests for support
 - Well resourced plans to promote vocations and volunteering
 - Training to be offered to Treasurers and other Parish Officers in both responsibility and the Christian Faith.
- Safeguarding: failure to safeguard, care and nurture children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
 - implementation of national and local policies and practice guidance;
 - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;

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Principal risks and uncertainties (continued)

- Diocesan Safeguarding Team in place to provide support, guidance and training;
 - training strategy and annual training programme (including virtual training) in place that aligns with national guidance;
 - Diocesan Safeguarding trainer and network of volunteer trainers in place;
 - training information reported to the TDBF and Diocesan Safeguarding Advisory Panel (DSAP); and
 - training for senior leaders.
- Education: Madron Daniel school, complex case re academisation and transfer to MAT
 - complex case work allocated by Department of Education (DfE) to work with Local Authority (LA), diocese and Trust during transfer;
 - LA, diocese and DfE working through responsibilities of building works.
- Education: implications of the work/aims/approach/policy/reputation of the national church have an impact on our work locally within our diocese.
 - regular communication with schools regarding national messaging, practice, approach and strategy;
 - open door approach of the TDBF education team where questions can be asked;
 - relationships with the national team to ensure that we stay abreast of potential developments, issues etc
- Environment: competing diocesan priorities.
 - dedicated budget funded from Total Return;
 - strategy in place; and
 - the Diocesan Environment Board feeds into BDC and FAR to enable frequent consideration within wider context.
- Environment: aspirations limited by legislation or national policy.
 - Environment Action Plan approved at November 2023 Diocesan Synod; and
 - the Diocesan Environment Board monitors progress being made by each group to implement its part in the overall environment strategy and action plan.

St Paul's Church, Agar Road, is a redundant closed church in Truro city centre. Under the terms of the Mission and Pastoral Measure 2011 and other measures the TDBF has certain obligations and liabilities connected to the building and churchyard. The Church Commissioners have published a draft Scheme for the demolition of the building and the sale of the cleared site. TDBF are also currently negotiating with a neighbour regarding the reinstatement of a partially collapsed wall between the church and the neighbour's property. The TDBF may contribute to the costs of the reinstatement but at this time it is not clear that the TDBF have a legal obligation to do so, or what the quantum of any such contribution might be.

Structure and Governance

Summary Information about the Structure of the Church of England

The Diocese of Truro is part of the wider Church of England, and any description of the governance structure of the Truro Diocese and the TDBF must be set within the context of the structure of the Church of England itself.

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in England.

Each diocese in England is divided into benefices, which comprises a number of parishes, although some parishes can be a benefice in their own right. Each benefice is overseen by a priest (usually called a vicar, rector or priest in charge). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish. Benefices are also grouped together into deaneries, with there being twelve deaneries in the Diocese of Truro.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are about 108 bishops, including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice a year to consider legislation for the broader good of the Church.

The National Church Institutions

The Archbishops' Council, Lambeth Palace, Bishopthorpe Palace, the Church Commissioners, the Church of England Pensions Board, National Society for Promoting Religious Education and The Church of England Central Services are called the National Church Institutions (NCIs).

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The National Church Institutions (continued)

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority, to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese of Truro

The statutory governing body of the diocese is the Diocesan Synod. It consists of the House of Bishops, the House of Clergy and the House of Laity, with broadly equal numbers of clergy and lay people providing representation across the diocese. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop when requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

The Diocese of Truro was created in 1877. It covers the whole of the ceremonial county of Cornwall, the Isles of Scilly, plus two parishes in Devon.

Archdeaconries, Deaneries, Benefices and Parishes

The whole of the diocese is divided into parishes which for administrative and governance purposes is generally the smallest pastoral area in the Church of England. Typically, each parish has one parish church. In total there are 211 parishes in the diocese.

The ecclesiastical parish is governed by a PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation in the parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. The Diocese of Truro has two archdeaconries, each with six deaneries, the archdeaconry of Cornwall in the west, and of Bodmin in the east of the diocese.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the two archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

There are 12 deaneries in the diocese, each with its own Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and the role of the synods is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- allocate the deanery MMF call between their parishes and report the allocation back to the Board; and
- develop a deanery plan for the mission of the Church in the deanery.

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Diocesan Governance

The diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the diocese. Membership consists of 15 ex officio members, including the Bishops and Archdeacons, 45 clergy members elected by the houses of clergy in Deanery Synods, 46 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

The Truro Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the diocese. It was incorporated on 23 October 1896 as a charitable company limited by guarantee (No. 00049825) and its governing documents are the Memorandum and Articles of Association. The TDBF is registered with the Charity Commission (No. 248330).

Every member of Diocesan Synod is a member of the TDBF, for company law purposes, and has a personal liability limited to £10 under their guarantee as company members in the event of its being wound up. The Bishop's Diocesan Council consists of the members of the Bishop's Council and Standing Committee who are also the trustees and directors of the TDBF under law.

Bishop's Diocesan Council

Diocesan Synod has delegated the following functions to the Bishop's Council and Standing Committee, via the Bishop's Diocesan Council:

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the diocese;
- preparation of annual estimates of expenditure;
- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

The TDBF has responsibility for the day-to-day financial management of the diocese.

Also within the responsibility of the Bishop's Diocesan Council are the following statutory committees of the TDBF:

- Parsonages Board, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses and houses owned by the TDBF;
- Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends fund of the diocese;
- Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England; and
- Diocesan Board of Education (DBE), which is responsible, under the Diocesan Board of Education Measure 2020, for the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools in the diocese; and the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese.

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on pages 15 and 16. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the TDBF for the purposes of company law.

All elected members of the Bishop's Diocesan Council may serve for a maximum of six years before standing down for at least one year, but may stand for re-election thereafter.

The Bishop's Diocesan Council's responsibilities

The Bishop's Diocesan Council, as the body of trustees / directors, is responsible for preparing the Trustees' Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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The Bishop's Diocesan Council's responsibilities (continued)

Company law requires the Bishop's Diocesan Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the TDBF and of the incoming resources and application of resources, including the income and expenditure, of the TDBF for that period. In preparing these financial statements, the Bishop's Diocesan Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the TDBF will continue in operation.

The Bishop's Diocesan Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the TDBF and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the TDBF and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Bishop's Diocesan Council is responsible for the maintenance and integrity of the corporate and financial information included in the Diocese of Truro's website.

Statement of disclosure to auditor

So far as each member of the Bishop's Diocesan Council is aware, there is no relevant audit information of which the TDBF's auditor is unaware, and each member of the Bishop's Diocesan Council has taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Finance, Assets and Risk Committee

The trustees of the TDBF have formed a committee consisting of the Chair of the Truro Diocesan Board of Finance, members of the BDC, and members co-opted on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

Trustees are recruited through a mixture of ex-officio positions, elections and nominations.

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and risk management. Further development resources are made available through the life of the triennium. There is also a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

Delegation of day to day delivery

The Bishop's Diocesan Council and the Finance, Assets and Risk Committee rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the TDBF. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the TDBF in accordance with the policies framed by the Trustees.

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Remuneration Committee, under delegated authority from the Bishop's Diocesan Council. The Committee obtains reliable up-to date information about remuneration in other organisations of comparable scale and nature.

Funds held as Custodian Trustee

The TDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the TDBF does not control them, and they are segregated from the TDBF's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £5.7m at 31 December 2024 (2023: £5.6m), are available from the TDBF on request, and are summarised in note 29 on page 55. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the TDBF's solicitors, Veale Wasbrough Vizards LLP.

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For the year ended 31 December 2024

Funds held on behalf of schools

The TDBF administers Devolved Formula Capital (DFC) grants for the diocese's church schools. At 31 December 2024, it held £256,966 (2023: £239,307) in designated bank accounts separate from those of the TDBF.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The TDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners and are therefore not reflected in these financial statements.

Parochial Church Councils (PCCs)

The TDBF is required by Measure to be custodian trustee in relation to PCC property, but it has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the TDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from The Cathedral Office, The Old Cathedral School, Cathedral Close, Truro, TR1 2FQ.

Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund – a registered charity which provides financial support to clergy or their dependants in particular financial need. Specifically, support may be provided to the spouse or the dependants of deceased clergy; to retired clergy or their dependants; or to the spouse or dependants of clergy from whom the spouse is separated or divorced.

Pensions

Stipendiary clergy are members of the Church of England Funded Pensions Scheme which provides defined retirement benefits and is non-contributory.

On 1 April 2024, the TDBF closed its Defined Benefits Scheme and the three lay staff who were in the scheme transferred across to the Pension Builder Scheme (previously known as the Defined Contributions Scheme (DCS)), part of the Church Workers Pension Fund. All new lay staff are eligible to join this scheme which is contributory and provides limited pension guarantees.

Further details about these schemes are contained in note 27 on page 52 to the financial statements.

Appointment of solicitors

A resolution to reappoint Veale Wasbrough Wizards LLP as solicitors to the TDBF will be proposed at the Annual General Meeting.

Appointment of auditors

A resolution to reappoint Francis Clark LLP as auditors to the TDBF will be proposed at the Annual General Meeting.

Administrative Information

Trustees

The Trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law) who served during the year and who were members at the date of this report were as follows:

Chairman (ex officio)	The Rt. Revd. H Nelson
Chairman of the Truro Diocesan Board of Finance (elected by the Members)	Mr M J Sturgess (resigned 13 September 2024) Mr J M Day (appointed 14 September 2024)

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2024

Administrative Information (continued)

Ex officio	The Very Revd. S Robinson (The Dean) The Ven. K A Betteridge (Archdeacon of Bodmin) The Ven. C D Hogger (Archdeacon of Cornwall) (appointed 25 June 2024)
Elected by the relevant Houses of Diocesan Synod	
Chair of the House of Clergy	The Revd. C C McQuillen Wright (resigned 31 July 2024) The Revd. P V Zaphiriou (appointed 1 August 2024 and resigned 5 March 2025)
Chair of the House of Laity	Lay Canon Mr R J Perry (resigned 31 July 2024) Mr R B Smith (appointed 1 August 2024)
Elected by Houses and Archdeaconry	
Archdeaconry of Cornwall	The Revd. J E Risbridger (appointed 21 October 2024) The Revd. E M A Burke (appointed 21 October 2024) Mr A P Hicks (resigned 31 July 2024) Mr J A Stuart (appointed 21 October 2024) Mr S A Taurins (appointed 21 October 2024)
Archdeaconry of Bodmin	The Revd. P R Holley (resigned 31 July 2024) The Revd. R J Terry Mrs M C Macinnes (appointed 21 October 2024)
Bishop's Appointments	Mrs C E Irwin Dr A G Thompson The Revd. T Folland Mrs A Corbett Mrs K L Bond (appointed 21 October 2024)
Company Secretary	The Revd. Canon S Cade
Registered Office	The Old Cathedral School Cathedral Close Truro TR1 2FQ
Telephone	01872-274351
Email address	info@truro.anglican.org
Website	www.trurodiocese.org.uk
Company registration number	00049825 (England and Wales)
Charity registration number	248330
Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
Auditors	Francis Clark LLP, Sigma House, Oak View Close, Edginswell Park, Torquay, Devon
Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London Cazenove Capital, 1 London Wall Place, London

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2024

Administrative Information (continued)

Glebe estate manager

Savills, Lemon Street, Truro

Property manager

Savills, Lemon Street, Truro

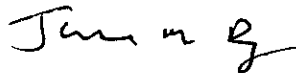
Approval of this report

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by s.415A of the Companies Act 2006.

This report was approved by the trustees on 29 April 2025 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr J Day
Chairman of the Board

The Old Cathedral School
Cathedral Close
Truro
TR1 2FQ

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Trustees Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report included within the Trustees Annual Report.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept.
- the financial statements are not in agreement with the accounting records and returns.
- certain disclosures of trustees' remuneration specified by law are not made.
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the charitable company and the sector in which it operates to identify the key laws and regulations affecting the Charity. The key laws and regulations we identified were Charity legislation, Safeguarding and Health and Safety Regulations and employment legislation. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, the Charities SORP and Church of England Measures.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue trading and the risk of material misstatement to the accounts.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management and those charged with governance regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries, we also discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed Board minutes.

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks we identified were manipulation of financial performance and we determined that the principal risks were in relation to management bias in accounting estimates and judgements and the overstatement of revenue.

In response to the identified risk, as part of our audit work, we:

- Used data analytics to test journal entries for appropriateness.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Performed cut off testing in respect of revenue.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Auditor's responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements of not detecting a material statement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omission, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sharon Austen (Senior Statutory Auditor)

PKF Francis Clark
Sigma House
Oak View Close
Edginswell Park
Torquay
Devon

29 April 2025

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Statement of Financial Activities

For the year ended 31 December 2024

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2024 £	2023 £
Income and endowments from:	3					
Donations:						
Parish contributions		2,934,729	-	-	2,934,729	2,863,661
Archbishops' Council		997,536	614,098	-	1,611,634	1,704,080
Other		106,433	97,564	-	203,997	167,275
Charitable activities – statutory fees		213,067	-	-	213,067	220,442
Other activities	4	-	244,867	-	244,867	183,275
Investments	5	753,258	52,450	1,039,216	1,844,924	1,649,817
Other	6	-	-	46,093	46,093	242,978
Total		5,005,023	1,008,979	1,085,309	7,099,311	7,031,528
Expenditure on:						
Raising funds	7	159,253	-	235,078	394,331	329,523
Charitable activities	8	10,061,628	957,753	-	11,019,381	8,808,057
Other resources expended		-	-	-	-	-
Total		10,220,881	957,753	235,078	11,413,712	9,137,580
Net outgoing / incoming resources before realised gains		(5,215,858)	51,226	850,231	(4,314,401)	(2,106,052)
Net gains on investment assets		35,483	526,850	1,443,164	2,005,497	4,341,085
Net (outgoing) / incoming resources before transfers		(5,180,375)	578,076	2,293,395	(2,308,904)	2,235,033
Transfer between funds	12	5,914,963	(4,313,403)	(1,601,560)	-	-
Net income / (outgoings) for the year		734,588	(3,735,327)	691,835	(2,308,904)	2,235,033
Unrealised gains on revaluation	13	503,420	-	1,932,352	2,435,772	2,152,155
Net movement in funds	14	1,238,008	(3,735,327)	2,624,187	126,868	4,387,188
Fund balances at 1 January 2024		18,007,552	12,734,188	89,181,285	119,923,025	115,535,837
Fund balances at 31 December 2024		19,245,560	8,998,861	91,805,472	120,049,893	119,923,025

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Income and Expenditure Account,

For the year ended 31 December 2024

	2024 £	2023 £
Total incoming resources	6,014,002	5,846,615
Resources expended	(11,178,634)	(8,966,389)
Operating deficit for the year	(5,164,632)	(3,119,774)
Net gains on investments	562,333	1,137,177
Net (expenditure) for the year	(4,602,299)	(1,982,597)
Other comprehensive income		
Revaluation of fixed assets	503,420	(193,397)
Net assets transferred from endowments	1,601,560	4,916,129
Total comprehensive (expenditure) / income	(2,497,319)	2,740,135

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

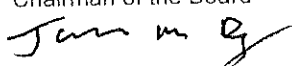
Balance Sheet

at 31 December 2024

	Notes	2024 £	2023 £
Fixed assets			
Tangible assets	17	64,784,246	61,101,166
Investments	18	52,963,439	51,935,723
		<u>117,747,685</u>	<u>113,036,889</u>
Current assets			
Debtors	19	717,936	659,475
Cash at bank and in hand	20	2,809,592	7,281,025
		<u>3,527,528</u>	<u>7,940,500</u>
Creditors: amounts falling due within one year			
Other creditors	21	(1,225,320)	(1,054,364)
		<u>2,302,208</u>	<u>6,886,136</u>
Net current assets			
		<u>120,049,893</u>	<u>119,923,025</u>
Net assets			
Funds employed			
Unrestricted funds		19,245,560	18,007,552
Restricted funds		8,998,861	12,734,188
		<u>28,244,421</u>	<u>30,741,740</u>
Total unrestricted and restricted funds			
Expendable endowment			
Parsonage Houses Fund		49,444,144	47,117,618
Permanent endowments			
Stipends Fund Capital Account		42,361,328	42,063,667
		<u>91,805,472</u>	<u>89,181,285</u>
Total endowments			
Total funds employed	23.4	<u>120,049,893</u>	<u>119,923,025</u>
The revaluation reserve included in the above funds is:	24	<u>41,811,207</u>	<u>39,406,216</u>

The cash flow statement on page 24 and the notes on pages 25 to 56 form part of these financial statements. These financial statements were approved by the Board of Trustees and authorised for issue on 29 April 2025 and signed on its behalf by:

Mr J Day
Chairman of the Board



Company Registration No. 00049825

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Cash Flow Statement

For the year ended 31 December 2024

	£	2024 £	£	2023 £
Net cash outflow from operating activities (see below)		(6,066,502)		(2,954,711)
Cash flows from investing activities				
Dividends, interest and rent from investments		1,844,924		1,122,775
Proceeds from the sale of:				
Tangible fixed assets		432,699		4,246,126
Fixed asset investments		7,675,567		630,935
Purchase of:				
Tangible fixed assets for the use of the Board of Finance		(1,660,335)		(69,881)
Fixed asset investments		(6,697,786)		(42,523)
Net cash provided by investing activities		1,595,069		5,887,433
Change in cash and cash equivalents in the reporting period		(4,471,433)		2,932,722
Cash and cash equivalents at 1 January 2024		7,281,025		4,348,303
Cash and cash equivalents at 31 December 2024		2,809,592		7,281,025
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December 2024		126,868		4,387,188
Adjustments for:				
Depreciation charges		26,421		10,705
Dividends, interest and rent from investments		(1,844,924)		(1,122,776)
Profit on sale of functional assets		(46,093)		(242,948)
Gains on investments and revaluation of fixed assets		(4,441,269)		(6,493,240)
Decrease in loans to parishes		(19,000)		(72,000)
(Increase)/decrease in debtors		(39,461)		438,447
Increase in creditors		170,956		139,943
Net cash (used in) operating activities		(6,066,502)		(2,954,711)
Analysis of cash and cash equivalents				
Cash in hand		2,809,592		7,281,025

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

1. Constitution

The Truro Diocesan Board of Finance Limited is incorporated, in England and Wales (Company Registration Number 00049825), as limited by guarantee under the Companies Act 2006. The Registered Office is The Old Cathedral School, Cathedral Close, Truro, TR1 2FQ. In the event of winding up, up to the permitted maximum 114 members of the TDBF are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the TDBF and the costs, charges and expenses of winding up. At the year end there were 80 members.

2. Principal accounting policies

The charity meets the definition of a Public Benefit Entity in accordance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and investments (held as fixed assets), which are included at their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities* (Second Edition, effective 1 January 2019, applicable accounting standards (FRS 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland*) and the Companies Act 2006.

The financial statements have been prepared in UK sterling currency and rounded to the nearest £1.

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the TDBF to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the TDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the TDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

All income is included in the SoFA when the TDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income in the year in respect of which it is received.

Rents receivable is recognised as income in the period with respect to which it relates.

Interest and dividends are recognised as income when receivable.

Grants received which are subject to pre-conditions for entitlement specified by the donor which have not yet been met at the year-end are included in creditors to be carried forward to the following year.

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

Gains on disposal of fixed assets for the TDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

(b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SoFA category.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(b) Expenditure (continued)

Charitable expenditure is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the diocese.

Grants payable are charged to the SoFA in the year when the offer is conveyed to the recipient except those in cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the TDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grants offered subject to such conditions which have not yet been met at the year-end are included in a designated fund as a commitment, but not accrued as expenditure.

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House.

Employee benefits. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 27).

Deficit funding for the pension schemes to which the TDBF participates is accrued at current value in creditors, separated between contributions falling due within one year and more than one year.

(c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value in the financial statements. The TDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repairs of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are carried out to ensure that the carrying value is not less than the recoverable amount in accordance with FRS 102.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The TDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The TDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Diocesan Council therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value.

School properties

Aided schools are the subject either of Trusts for which the TDBF acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the dioceses. Accordingly, school properties are not included in these financial statements.

The distribution of the proceeds from the sale of a redundant school may depend on an order of the Department for Education or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the TDBF in trust. When approval for distribution is eventually granted, the TDBF's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

Churches closed for public worship are not included in these financial statements because, in the opinion of the Bishop's Diocesan Council, they are of negligible value. If a situation arises whereby a church is likely to be an asset rather than a liability, then it will be brought into the financial statements at the appropriate time.

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33¹/₃% on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.

Listed investments are UK listed company shares and are valued at their quoted bid price.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued every 5 years to establish fair value. The last revaluation took place as at 31 December 2020. In the intervening years, the Bishop's Diocesan Council adjust the market value for additions and disposals and such professional advice that may be received if this is material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

Financial instruments are recognised in the TDBF's balance sheet when the TDBF becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured as the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 18.

Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount due with the carrying value adjusted to reflect repayments made in subsequent periods.

(e) Other accounting policies

Leasing

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the lease term.

(f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted income funds and capital endowment funds.

Unrestricted funds are freely available for any purpose within the TDBF's objects. They include funds which have been set aside by the Bishop's Diocesan Council out of the General Fund for designated purposes.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(f) Fund balances (continued)

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the TDBF, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowments. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment. The Bishop's Diocesan Council has adopted a policy of Total Return in respect of the permanent endowment in line with section 5A of the Diocesan Stipends Funds Measure 1953.

Details of the major funds are given in note 23.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the TDBF acts as trustee and controls the management and use of the funds, are included in the TDBF's own financial statements as charity branches. Trusts where the TDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

(g) Critical accounting estimates and judgements

In the application of the TDBF's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of any pension liability.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Current year call - asked of deaneries	3,938,096	-	-	3,938,096
Use of LICF, SDF and Mission Funding	(547,697)	-	-	(547,697)
Use of TDBF reserves	(268,149)	-	-	(268,149)
Current year call - budgeted	3,122,250	-	-	3,122,250
Shortfall in contributions	(272,274)	-	-	(272,274)
	2,849,976	-	-	2,849,976
Receipts for previous year	84,753	-	-	84,753
	2,934,729	-	-	2,934,729

Current year MMF receipts represent 91.28% of the total budgeted call (2023: 89.29%) or, when receipts for previous years are included, 94.00% of the total budgeted call (2023: 90.72%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Lowest Income Communities Fund (LICF)	947,927	-	-	947,927
Contribution to registrar's retainer	49,609	-	-	49,609
Strategic Development Funding (SDF) – Falmouth	-	37,210	-	37,210
Strategic Development Funding (SDF) – Phase 2	-	215,821	-	215,821
Resourcing Ministry Fund (RMF)	-	7,260	-	7,260
Generous Giving Funding	-	48,749	-	48,749
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	46,920	-	46,920
Strategic Ministry Funding (SMF)	-	49,948	-	49,948
Transition Funding	-	-	-	-
NZ Carbon Capacity Building Starter grant	-	46,423	-	46,423
PCR2	-	-	-	-
Diocesan Investment Programme grant	-	66,242	-	66,242
FLOURISH	-	10,262	-	10,262
Buildings for Mission grant - CBSO	-	37,185	-	37,185
Buildings for Mission grant – MR & I	-	41,343	-	41,343
Net Zero Quick Wins grant	-	6,735	-	6,735
	997,536	614,098	-	1,611,634

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Benefact Trust (previously AllChurches Trust)	78,260	-	-	78,260
Boiler upgrade Scheme (BUS)	-	45,000	-	45,000
Contribution towards church schools:				
Department for Education	-	49,262	-	49,262
Donations from individuals	2,284	3,302	-	5,586
Other contributions	25,533	-	-	25,533
Feed in Tariff (FIT)	356	-	-	356
	106,433	97,564	-	203,997

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2023

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Current year call - asked of deaneries	3,636,915	-	-	3,636,915
Use of LICF, SDF and Mission Funding	(377,974)	-	-	(377,974)
Use of TDBF reserves	(102,450)	-	-	(102,450)
Current year call	3,156,491	-	-	3,156,491
Shortfall in contributions	(338,168)	-	-	(338,168)
Receipts for previous year	2,818,323 45,338	- -	- -	2,818,323 45,338
	2,863,661	-	-	2,863,661

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Lowest Income Communities Fund (LICF)	916,315	-	-	916,315
Contribution to registrar's retainer	47,098	-	-	47,098
Strategic Development Funding (SDF) – Falmouth	-	162,917	-	162,917
Strategic Development Funding (SDF) – Phase 2	-	219,188	-	219,188
Resourcing Ministry Fund (RMF)	-	41,135	-	41,135
Generous Giving Funding	-	45,800	-	45,800
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	45,600	-	45,600
Strategic Ministry Funding (SMF)	-	121,629	-	121,629
Transition Funding	-	47,937	-	47,937
Archbishops mission grant	-	(5,191)	-	(5,191)
NZ Carbon Capacity Building Starter grant	-	15,000	-	15,000
PCR2	-	14,288	-	14,288
Diocesan Investment Programme grant	-	32,364	-	32,364
FLOURISH	-	-	-	-
Buildings for Mission grant - CBSO	-	-	-	-
Buildings for Mission grant – MR & I	-	-	-	-
Net Zero Quick Wins grant	-	-	-	-
	963,413	740,667	-	1,704,080

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Benefact Trust (previously AllChurches Trust)	91,000	-	-	91,000
Boiler upgrade Scheme (BUS)	-	10,000	-	10,000
Contribution towards church schools: Department for Education	-	48,557	-	48,557
Donations from individuals	7,918	3,240	-	11,158
Other contributions	6,560	-	-	6,560
Feed in Tariff (FiT)	-	-	-	-
	105,478	61,797	-	167,275

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Rents from Parsonage houses	-	218,586	-	218,586
Recoverable costs	-	26,281	-	26,281
	<u>-</u>	<u>244,867</u>	<u>-</u>	<u>244,867</u>

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Rents from Parsonage houses	-	154,261	-	154,261
Recoverable costs	-	29,014	-	29,014
	<u>-</u>	<u>183,275</u>	<u>-</u>	<u>183,275</u>

5. Investment income

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Dividends and interest	654,849	16,004	649,635	1,320,488
Rents:				
Board properties	98,409	-	-	98,409
Glebe estate	-	-	389,581	389,581
Redundant schools	-	36,446	-	36,446
	<u>753,258</u>	<u>52,450</u>	<u>1,039,216</u>	<u>1,844,924</u>

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Dividends and interest	499,580	33,953	589,243	1,122,776
Rents:				
Board properties	109,452	-	-	109,452
Glebe estate	-	-	381,143	381,143
Redundant schools	-	36,446	-	36,446
	<u>609,032</u>	<u>70,399</u>	<u>970,386</u>	<u>1,649,817</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Realised gains on disposal of assets for the TDBF's own use	-	-	46,093	46,093

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Realised gains on disposal of assets for the TDBF's own use	28,451	-	214,527	242,978

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Glebe: Outgoings	-	-	179,926	179,926
Management charges	-	-	55,152	55,152
Central support costs	159,253	-	-	159,253
	159,253	-	235,078	394,331

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Glebe: Outgoings	-	-	115,560	115,560
Management charges	-	-	55,631	55,631
Central support costs	158,332	-	-	158,332
	158,332	-	171,191	329,523

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Contributions to Archbishops' Council				
Training for Ministry	158,284	-	-	158,284
National Church responsibilities	94,500	-	-	94,500
Grants and provisions	16,280	-	-	16,280
Mission Agency pension contributions	-	-	-	-
Retired clergy housing costs (CHARM)	65,840	-	-	65,840
	<u>334,904</u>	<u>-</u>	<u>-</u>	<u>334,904</u>
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	1,899,694	49,948	-	1,949,642
Pension contributions	370,919	-	-	370,919
Clergy salary	46,078	-	-	46,078
Clergy settlements	134,252	-	-	134,252
Home/parish mileage	9,205	-	-	9,205
Sundry clergy related costs	30,192	-	-	30,192
Housing costs	4,011,079	45,000	-	4,056,079
Property management charges	194,050	-	-	194,050
Resettlement and associated costs	168,453	-	-	168,453
Other payments (including training)	303,357	-	-	303,357
Central support costs	223,253	-	-	223,253
	<u>7,390,532</u>	<u>94,948</u>	<u>-</u>	<u>7,485,480</u>
Support for ministry and mission				
Mission Fund grants	678,763	-	-	678,763
Diocesan support for ordinands in training	133,147	4,092	-	137,239
Training and development	47,904	-	-	47,904
DMPC functions	117,509	-	-	117,509
Specialist ministries	38,746	5,494	-	44,240
Safeguarding	211,432	-	-	211,432
Diocesan Advisory Committee	38,834	-	-	38,834
Chancellor's and Registrar's retainers	60,383	-	-	60,383
Faculty fees	14,525	-	-	14,525
Communications	72,998	-	-	72,998
Closed church expenditure	-	24,657	-	24,657
General Synod members' expenses	7,653	-	-	7,653
Central support costs	510,505	-	-	510,505
Lay staff cost of living payments	-	-	-	-
Generous Giving Advisors	-	48,749	-	48,749
Next Steps On the Way	105,050	113,162	-	218,212
Bad debt provision	-	-	-	-
Transforming Mission (TM) – Falmouth	25,954	27,388	-	53,342
Transforming Mission (TM) – Phase 2	136,545	232,191	-	368,736
Children and young people incl FLOURISH	2,671	10,262	-	12,933
Net Zero building work	35,486	138,150	-	173,636
	<u>2,238,105</u>	<u>604,145</u>	<u>-</u>	<u>2,842,250</u>
Expenditure on Education				
Support for church schools and parishes	98,087	258,660	-	356,747
	<u>10,061,628</u>	<u>957,753</u>	<u>-</u>	<u>11,019,381</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Contributions to Archbishops' Council				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	92,113	-	-	96,483
Grants and provisions	16,222	-	-	13,293
Mission Agency pension contributions	5,043	-	-	6,579
Retired clergy housing costs (CHARM)	62,399	-	-	59,422
	333,306	-	-	333,306
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	1,874,952	121,629	-	1,996,581
Pension contributions	458,280	-	-	458,280
Clergy salary	38,984	-	-	38,984
Clergy settlements	63,900	-	-	63,900
Home/parish mileage	10,665	-	-	10,665
Sundry clergy related costs	36,398	-	-	36,398
Housing costs	1,776,987	263,165	-	2,040,152
Property management charges	153,294	-	-	153,294
Resettlement and associated costs	82,947	-	-	82,947
Other payments (including training)	298,336	-	-	298,336
Central support costs	219,546	-	-	219,546
	5,014,289	384,794	-	5,399,083
Support for ministry and mission				
Mission Fund grants	669,234	-	-	669,234
Diocesan support for ordinands in training	101,392	65,411	-	166,803
Training and development	48,598	-	-	48,598
DMPC functions	145,481	-	-	145,481
Specialist ministries	39,578	20,767	-	60,345
Safeguarding	141,284	14,288	-	155,572
Diocesan Advisory Committee	36,918	-	-	36,918
Chancellor's and Registrar's retainers	49,443	-	-	49,443
Faculty fees	14,970	-	-	14,970
Communications	66,408	-	-	66,408
Closed church expenditure	-	31,938	-	31,938
General Synod members' expenses	6,208	-	-	6,208
Central support costs	500,304	-	-	500,304
Lay staff cost of living payments	1,765	-	-	1,765
Generous Giving Advisors	-	45,800	-	45,800
Next Steps On the Way	50,221	125,901	-	176,122
Bad debt provision	(20,000)	-	-	(20,000)
Transforming Mission (TM) – Falmouth	(20,331)	170,243	-	149,912
Transforming Mission (TM) – Phase 2	145,901	218,851	-	364,752
Children and young people incl FLOURISH	-	-	-	-
Net Zero building work	-	-	-	-
	1,947,374	693,199	-	2,640,573
Expenditure on Education				
Support for church schools and parishes	57,208	377,887	-	435,095
	7,352,177	1,455,880	-	8,808,057

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

9. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2024 £
Raising funds	235,078	-	159,253	394,331
Charitable activities:				
Contributions to Archbishops' Council	-	334,904	-	334,904
Resourcing parish ministry	7,134,928	127,299	223,253	7,485,480
Support for ministry and mission	1,594,737	737,008	510,505	2,842,250
Education	356,747	-	-	356,747
	<u>9,321,490</u>	<u>1,199,211</u>	<u>893,011</u>	<u>11,413,712</u>

Comparative analysis for 2023

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2023 £
Raising funds	171,191	-	158,332	329,523
Charitable activities:				
Contributions to Archbishops' Council	-	333,306	-	333,306
Resourcing parish ministry	5,104,322	75,215	219,546	5,399,083
Support for ministry and mission	1,496,735	643,534	500,304	2,640,573
Education	435,095	-	-	435,095
	<u>7,207,343</u>	<u>1,052,055</u>	<u>878,182</u>	<u>9,137,580</u>

10. Analysis of support costs

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2024 £
Central administration	868,491	-	-	-	868,491
Governance:					
External audit	24,520	-	-	-	24,520
Registrar and Chancellor	60,383	-	-	-	60,383
Synodical costs	7,653	-	-	-	7,653
	<u>961,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961,047</u>

Comparative analysis for 2023

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2023 £
Central administration	852,382	-	-	-	852,382
Governance:					
External audit	25,800	-	-	-	25,800
Registrar and Chancellor	49,443	-	-	-	49,443
Synodical costs	6,208	-	-	-	6,208
	<u>933,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,833</u>

The Registrar, Chancellor and Synodical costs are not included in the support costs in note 9.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)
Notes to the financial statements

11. Analysis of grants made

	Number	Individuals £	Institutions £	2024 £	2023 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	4	-	334,904	334,904	333,306
From unrestricted funds:					
Resettlement and first incumbency grants	30	85,258	-	85,258	42,610
Doing Church Differently grants	-	-	-	-	-
Ordinands in training	5	38,428	-	38,428	22,298
Clergy for training	14	3,510	-	3,510	4,607
Mission initiatives in parishes	32	103	678,660	678,763	633,534
Clergy hardship grants	-	-	-	-	5,700
	81	127,299	678,660	805,959	708,749
From restricted funds for various purposes:					
Mission initiatives in parishes	24	-	54,348	54,348	-
Overseas mission work	1	-	4,000	4,000	10,000
Clergy hardship grants	-	-	-	-	-
	25	-	58,348	58,348	10,000
	110	127,299	1,071,912	1,199,211	1,052,055
Comparative analysis for 2023					
	Number	Individuals £	Institutions £	2023 £	2022 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	333,306	333,306	333,306
From unrestricted funds:					
Resettlement and first incumbency grants	16	42,610	-	42,610	45,886
Doing Church Differently grants	-	-	-	-	7,562
Ordinands in training	3	22,298	-	22,298	19,438
Clergy for training	14	4,607	-	4,607	5,069
Mission initiatives in parishes	102	-	633,534	633,534	203,874
Clergy hardship grants	7	5,700	-	5,700	6,650
	142	75,215	633,534	708,749	288,479
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	295,973
Overseas mission work	2	-	10,000	10,000	18,000
Clergy hardship grants	-	-	-	-	34,510
	2	-	10,000	10,000	348,123
	149	75,215	976,840	1,052,055	969,908

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

12. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
Property repairs	3,965,322	(3,965,322)	-
Payments to acquire property	-	(170,678)	170,678
Receipts from sale of property	-	432,698	(432,698)
Total Return spend	1,949,641	-	(1,949,641)
Transfer Parsonages to Board properties	-	-	-
Transfer Board properties to Parsonages	-	(610,101)	610,101
	<u>5,914,963</u>	<u>(4,313,403)</u>	<u>(1,601,560)</u>

Comparative analysis for 2023

	Unrestricted funds £	Restricted funds £	Endowments £
Property repairs	1,638,626	(1,638,626)	-
Payments to acquire property	-	(45,537)	45,537
Receipts from sale of property	-	2,819,472	(2,819,472)
Total Return spend	799,194	-	(799,194)
Transfer Parsonages to Board properties	1,343,000	-	(1,343,000)
Transfer Board properties to Parsonages	-	-	-
	<u>3,780,820</u>	<u>1,135,309</u>	<u>(4,916,129)</u>

13. Other gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Endowments £	2024 £
Revaluation of land and buildings	<u>503,420</u>	<u>-</u>	<u>1,932,352</u>	<u>2,435,772</u>
Comparative analysis for 2023				
	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Revaluation of land and buildings	<u>(193,397)</u>	<u>-</u>	<u>2,345,552</u>	<u>2,152,155</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

14. Net movement in funds

	2024 £	2023 £
This is stated after charging:		
Staff costs (note 15)	1,658,334	1,598,307
Auditor's remuneration - audit fee (excluding VAT)	20,433	21,500
- other services	1,500	2,050
Realised losses on disposals of tangible fixed assets	-	-
Operating leases - land and buildings	60,752	60,992
- other	3,305	885
Depreciation of tangible fixed assets	26,421	10,705

	2024 £	2023 £
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	46,093	242,978
Realised gains on disposals of investment fixed assets	348,167	115,062

15. Staff costs

Employee costs during the year were as follows:

	2024 £	2023 £
Wages and salaries	1,479,732	1,306,831
Social security costs	135,567	119,818
Pension contributions	43,035	171,658
	1,658,334	1,598,307

The TDBF took a pension holiday from 1 April 2024, amounting to £134,200 (2023 £0).

The average number of persons employed during the year:

	2024	2023
Administration and financial management	17	17
Communications	1	1
Discipleship & Ministry, Stewardship	16	12
Safeguarding & inclusion	4	3
Education	2	2
Transforming Mission	6	8
Change & Renewal	6	5
	52	48

The average number of persons employed during the year based on full time equivalents:

	2024	2023
Administration and financial management	15.2	14.6
Communications	0.9	1.2
Discipleship & Ministry, Stewardship	11.4	8.3
Safeguarding & inclusion	3.3	2.0
Education	1.8	2.3
Transforming Mission	3.9	4.7
Change & Renewal	4.1	3.7
	40.6	36.8

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

15. Staff costs (continued)

Remuneration of higher paid employees were as follows:

	2024 £	2023 £
£60,001 - £70,000	2	1

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2024 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director of Education	Lee Moscato
Director of Finance and Assets	Sophie Eddy

For these 3 (2023: 3) employees remuneration and pensions amounted to £259,308 (2023: £242,567). Expenses were £6,242 (2023: £1,839).

Related party transaction

The son of a previous member of the key management personnel worked for the TDBF and earned £0 (2023: £1,850). The spouse of a trustee worked for the TDBF and earned £9,601 during the year (2023: £3,750).

Trustees' emoluments

No trustee received any remuneration for services as trustee. 12 trustees (2023: 7) received travelling and out of pocket expenses, totalling £12,224 (2023: £16,153) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the TDBF during the year:

	Stipend	Housing
The Rt. Revd. H Nelson	No	Yes
The Ven. K A Betteridge	Yes	Yes
The Ven. C D Hogger	Yes	Yes
The Revd. C C McQuillen-Wright	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. P R Holley	Yes	Yes
The Revd. E M A Burke	Yes	Yes

The TDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than Bishops and cathedral staff. The TDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishop but excluding the Diocesan Bishop and cathedral staff.

The TDBF paid an average of 60 (2023: 66) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024 £	2023 £
Stipends	1,783,922	1,861,983
National insurance contributions	161,335	152,455
Pension costs	385,691	482,435
Apprenticeship Levy	8,274	8,472
	<u>2,339,222</u>	<u>2,505,345</u>

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £43,425 - £55,831 (2023 range £40,967 - £52,671). The annual rate of stipend, funded by the TDBF, paid to Archdeacons in 2024 was in the range £38,649 - £41,792 (2023 range £36,461 - £38,649) and other clergy who were Trustees were paid in the range £28,672 - £31,372 (2023 range £27,049 - £29,303).

The TDBF paid clergy settlements amounting to £134,252 (2023: £63,900).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Taxation

The TDBF is a registered charity and is not liable to UK corporation tax.

17. Tangible fixed assets

17.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2024	13,972,002	47,117,618	61,089,620
Additions	1,379,263	170,678	1,549,941
Disposals	-	(386,605)	(386,605)
Revaluation adjustment	503,420	1,932,352	2,435,772
Transfer	(610,101)	610,101	-
At 31 December 2024	15,244,584	49,444,144	64,688,728

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses (parsonages) which are vested in the incumbent but still included as TDBF assets in accordance with the accounting policies. Land and buildings at 31 December 2024 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2024	9,235,001	12,448,403	21,683,404
Additions	1,379,263	170,678	1,549,941
Disposals	-	(355,824)	(355,824)
Transfer	(610,101)	610,101	-
At 31 December 2024	10,004,163	12,873,358	22,877,521

17.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2024	39,609
Additions	80,413
Disposals	(28,218)
At 31 December 2024	91,804
<i>Depreciation</i>	
At 1 January 2024	29,786
Disposals	(28,218)
Charge for year	19,071
At 31 December 2024	20,639
<i>Net book value</i>	
At 31 December 2024	71,165
At 31 December 2023	9,823

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

17. Tangible fixed assets (continued)

17.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2024	98,057
Additions	29,980
At 31 December 2024	128,037
<i>Depreciation</i>	
At 1 January 2024	96,334
Charge for year	7,350
At 31 December 2024	103,684
<i>Net book value</i>	
At 31 December 2024	24,353
At 31 December 2023	1,723

17.4 Total tangible fixed assets

	2024 £	2023 £
<i>Net book value</i>		
Freehold land and buildings	64,688,728	61,089,620
Leasehold premises	71,165	9,823
Office equipment	24,353	1,723
	64,784,246	61,101,166

18. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2024	20,390,000	11,085,101	20,460,622	51,935,723
Additions	26,319	6,671,467	-	6,697,786
Disposals	-	(6,383,427)	(943,973)	(7,327,400)
Revaluation adjustment	858,681	58,405	740,244	1,657,330
Transfer	-	-	-	-
At 31 December 2024	21,275,000	11,431,546	20,256,893	52,963,439

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the TDBF in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the trustees accordingly.

Listed investments substantially comprise shares in funds managed by Sarasin and Cazenove. Unlisted investments comprise shares in funds managed by The CBF Church of England Funds.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

19. Debtors

	2024 £	2023 £
<i>Amounts falling due within one year</i>		
Trade debtors	53,789	26,018
Concessionary loans to parishes and others	115,000	113,500
Other debtors including prepayments and accrued income	491,647	479,957
<i>Amounts falling due after more than one year</i>	660,436	619,475
Concessionary loans to parishes and others	57,500	40,000
	717,936	659,475

Concessionary interest free loans are made to parishes with no security. At the year-end there were amounts committed to but not drawn of £50,000 (2023: £110,000). The repayment terms of the loans range from 9 months to 6 years.

20. Cash at bank and in hand

	2024 £	2023 £
The CBF Church of England Deposit Fund	2,539,809	5,902,282
COIF Charities Deposit Fund	387,539	361,197
Barclays Bank PLC	2,884	31,039
National Westminster Bank PLC	607,388	1,528,025
Savills Client Account	84,553	284,816
Cash in hand	19	25
	3,622,192	8,107,384
Less: attributable to local trust funds	(812,600)	(826,359)
	2,809,592	7,281,025

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

21. Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	363,611	572,030
Other creditors (including taxation and social security)	221,011	67,936
Accruals and deferred income (note 22)	640,698	414,398
	<u>1,225,320</u>	<u>1,054,364</u>

22. Deferred income

	2024 £	2023 £
Deferred income is included within: Creditors due within one year	<u>293,598</u>	<u>206,460</u>
Deferred income as at 1 January 2024	206,460	253,281
Released from previous years	(116,448)	(170,203)
Resources deferred in the year	<u>203,586</u>	<u>123,382</u>
Deferred income as at 31 December 2024	<u>293,598</u>	<u>206,460</u>

Included within deferred income of £293,598 (2023: £206,460) are the following balances: £72,977 (2023: £62,392) in respect of glebe deferred income, £88,798 (2023: £89,000) in respect of glebe service charges, £69,653 (2023: £16,172) received in advance of entitlement and £42,723 (2023: £23,143) received on behalf of schools.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed

23.1 Summary of fund movements

At 31 December 2024:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	2,553,453	5,005,023	(9,616,189)	35,483	3,196,160	1,173,930
<i>Designated funds:</i>						
Board Houses Fund	13,972,002	-	-	503,420	769,162	15,244,584
Church House Fund	341,959	-	(69,186)	-	-	272,773
TM - Falmouth	127,605	-	(25,954)	-	-	101,651
TM – Phase 2	535,330	-	(136,545)	-	-	398,785
Net Zero 2030	-	-	-	-	-	-
Energy grants	-	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-	-
Mission grants	227,203	-	(161,135)	-	1,359,811	1,425,879
Clergy Settlements	-	-	(134,252)	-	134,252	-
Next Steps on the Way	250,000	-	(74,949)	-	167,215	342,266
Children, young people and families	-	-	(2,671)	-	288,363	285,692
	<u>18,007,552</u>	<u>5,005,023</u>	<u>(10,220,881)</u>	<u>538,903</u>	<u>5,914,963</u>	<u>19,245,560</u>
Restricted funds						
Pastoral Account	11,998,009	244,867	(24,657)	513,619	(4,313,403)	8,418,435
Diocesan Council for Mission & Unity	32,807	3,302	(5,494)	-	-	30,615
Education Trusts	664,060	101,712	(258,660)	13,196	-	520,308
Resourcing Ministry Fund (RMF)	(1,164)	7,260	(4,092)	-	-	2,004
SDF – TM Falmouth	15,858	37,210	(27,388)	-	-	25,680
SDF – Phase 2	(133)	215,821	(232,191)	-	-	(16,503)
Strategic Ministry Fund	-	49,948	(49,948)	-	-	-
Generous Giving Fund	-	48,749	(48,749)	-	-	-
Transition Funding	-	-	-	-	-	-
SCF–Dir Change & Renewal	-	46,920	(46,920)	-	-	-
Archbishop mission grant	-	-	-	-	-	-
Bishop Phillpotts Library	11,811	-	-	-	-	11,811
Bishop Phillpotts Prize Fund	6,476	-	-	35	-	6,511
NZ Carbon Capacity Building Starter grant	6,464	46,423	(52,887)	-	-	-
Boiler Upgrade Scheme	-	45,000	(45,000)	-	-	-
Past Case Review 2 (PCR2)	-	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	66,242	(66,242)	-	-	-
FLOURISH	-	10,262	(10,262)	-	-	-
Buildings for Mission – CBSO	-	37,185	(37,185)	-	-	-
Buildings for Mission – MR & I	-	41,343	(41,343)	-	-	-
Net Zero Quick Wins grant	-	6,735	(6,735)	-	-	-
	<u>12,734,188</u>	<u>1,008,979</u>	<u>(957,753)</u>	<u>526,850</u>	<u>(4,313,403)</u>	<u>8,998,861</u>
Expendable endowment						
Parsonage Houses Fund	47,117,618	46,093	-	1,932,352	348,081	49,444,144
Permanent endowment						
Stipends Fund Capital Account	42,063,667	1,039,216	(235,078)	1,443,164	(1,949,641)	42,361,328
Total endowments	<u>89,181,285</u>	<u>1,085,309</u>	<u>(235,078)</u>	<u>3,375,516</u>	<u>(1,601,560)</u>	<u>91,805,472</u>
Total	<u>119,923,025</u>	<u>7,099,311</u>	<u>(11,413,712)</u>	<u>4,441,269</u>	<u>-</u>	<u>120,049,893</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.2 Prior year comparative summary of fund movements

At 31 December 2023:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,544,244	4,790,477	(6,855,091)	21,496	3,052,327	2,553,453
Designated funds:						
Board Houses Fund	14,207,650	-	28,450	(193,397)	(70,701)	13,972,002
Church House Fund	435,631	-	(93,672)	-	-	341,959
TM – Falmouth	87,274	-	20,331	-	20,000	127,605
TM – Phase 2	275,889	-	(145,901)	-	405,342	535,330
Net Zero 2030	350,000	-	-	-	(350,000)	-
Energy grants	90,000	-	(84,658)	-	(5,342)	-
Clergy hardship fund	-	-	(5,700)	-	5,700	-
Lay staff cost of living payments	-	-	(1,765)	-	1,765	-
Mission grants	127,977	-	(258,382)	-	357,608	227,203
Clergy Settlements	-	-	(63,900)	-	63,900	-
Next Steps on the Way	-	-	(50,221)	-	300,221	250,000
Children, young people and families	-	-	-	-	-	-
	<u>17,118,665</u>	<u>4,790,477</u>	<u>(7,510,509)</u>	<u>(171,901)</u>	<u>3,780,820</u>	<u>18,007,552</u>
Restricted funds						
Pastoral Account	9,909,726	183,275	(285,103)	1,054,802	1,135,309	11,998,009
Diocesan Council for Mission & Unity	39,611	3,240	(10,044)	-	-	32,807
Education Trusts	862,134	118,956	(377,887)	60,857	-	664,060
Resourcing Ministry Fund (RMF)	23,111	41,135	(65,410)	-	-	(1,164)
SDF- TM Falmouth	23,184	162,917	(170,243)	-	-	15,858
SDF – Phase 2	(470)	219,188	(218,851)	-	-	(133)
Strategic Ministry Fund	-	121,629	(121,629)	-	-	-
Generous Giving Fund	-	45,800	(45,800)	-	-	-
Transition Funding	-	47,937	(47,937)	-	-	-
SCF–Dir Change & Renewal	-	45,600	(45,600)	-	-	-
Archbishop mission grant	6,889	(5,191)	(1,698)	-	-	-
Bishop Phillpotts Library	12,301	-	(490)	-	-	11,811
Bishop Phillpotts Prize Fund	6,454	-	-	22	-	6,476
NZ Carbon Capacity Building Starter grant	-	15,000	(8,536)	-	-	6,464
Boiler Upgrade Scheme	-	10,000	(10,000)	-	-	-
Past Case Review 2 (PCR2)	-	14,288	(14,288)	-	-	-
Diocesan Investment Programme (DIP) grant	-	32,364	(32,364)	-	-	-
FLOURISH	-	-	-	-	-	-
Buildings for Mission – CBSO	-	-	-	-	-	-
Buildings for Mission – MR & I	-	-	-	-	-	-
Net Zero Quick Wins grant	-	-	-	-	-	-
	<u>10,882,940</u>	<u>1,056,138</u>	<u>(1,455,880)</u>	<u>1,115,681</u>	<u>1,135,309</u>	<u>12,734,188</u>
Expendable endowment						
Parsonage Houses Fund	48,674,473	214,527	-	2,345,552	(4,116,934)	47,117,618
Permanent endowment						
Stipends Fund Capital Account	38,859,759	970,386	(171,191)	3,203,908	(799,195)	42,063,667
Total endowments	<u>87,534,232</u>	<u>1,184,913</u>	<u>(171,191)</u>	<u>5,549,460</u>	<u>(4,916,129)</u>	<u>89,181,285</u>
Total	<u>115,535,837</u>	<u>7,031,528</u>	<u>(9,137,580)</u>	<u>6,493,240</u>	<u>-</u>	<u>119,923,025</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.3 Purposes of funds

Unrestricted funds

The General Fund supports the day to day activities of the TDBF.

The Board Houses Fund is represented by the book value of board properties. Additions to and disposals from the Fund are financed by or credited to the General Fund respectively.

The following other funds have been set aside by the trustees for purposes which the trustees themselves have designated:

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the office premises at Church House, Threemilestone. During 2024 this lease terminated and a new lease was entered into at the Old Cathedral School, Truro. This fund will pay for the charges under this new lease.

The Transforming Mission Funds are for the TDBF's contributions to assist with financing the Transforming Mission project in Falmouth, Camborne, Truro, St Austell and Liskeard. There is a restricted fund for this work which is funded by the Archbishops' Council.

The Net Zero 2030 fund is paying for Net Zero works on the TDBF properties.

The Energy Grants is funding which was added to the funding received from the Archbishops' Council to increase the amount distributed to the parishes to assist with rising energy costs.

The Clergy Hardship Fund is funding which was added to the funding received from the Archbishops' Council to increase the amount distributed to the clergy to assist with rising energy costs.

The Lay staff cost of living payment fund is for payments which were made to lay staff to assist them with the cost of living crisis which included rising energy costs.

The mission grants fund is for mission initiatives included in the deanery plans. The balance at the end of the year is the amount that is yet to be paid across to deaneries, who are aware of this funding and must have plans approved before the funds can be claimed.

The clergy settlements fund is for the payments made to clergy as part of the deanery implementation process.

The Next Steps on the Way fund is the TDBF's contributions to assist with financing the Change and Renewal team. There is a restricted fund (DIP) for this work which is funded by the Archbishops' Council.

The Children, Young People and Families fund is funding this area of work included in the Diocesan Plan for Change and Renewal.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £3.3m is ringfenced pending pastoral reorganisations.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub committee of the TDBF) for the purposes of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Mzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Mzimvubu).

The Diocese of Truro Education Trusts are governed by Schedule 36 of the Education Act 1996. The fund mainly represents the unspent sale proceeds of redundant Church of England school properties. The objects of the trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

Resourcing Ministerial Formation (RMF) (formerly Resourcing Ministerial Education (RME)) is a grant, received from the Archbishops' Council to fund some elements of the training of ordinands in the diocese.

The Strategic Development Fund TM Falmouth restricted fund is grant funding received from the Archbishops' Council to assist with financing the Transforming Mission project in Falmouth. There is an unrestricted fund which is funded by TDBF.

The Strategic Development Fund TM Phase 2 is grant funding received from the Archbishops' Council to assist with financing the Transforming Mission project in Camborne, Truro, St Austell and Liskeard. There is an unrestricted fund which is funded by TDBF.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.3 Purposes of funds (continued)

Restricted funds (continued)

The Strategic Ministry Fund is grant funding received from the Archbishops' Council to assist with financing curates.

The Generous Giving Fund is grant funding received from the Archbishops' Council to assist with financing Generous Giving Advisors.

The Transition Funding is grant funding received from the Archbishops' Council and is being used to resource the delivery of Next Steps On the Way.

The Strategic Capacity Fund – Director of Change & Renewal is grant funding received from the Archbishops' Council to assist in funding the new post which is leading the Next Steps On the Way delivery.

The Archbishop Mission Fund is grant funding received from the Archbishops' Council to fund activities held during the Archbishop of Canterbury's visit to the Diocese in 2023.

The Energy Cost Grant is grant funding received from the Archbishops' Council for distribution to parishes to assist with rising energy costs.

The Clergy Hardship Fund is grant funding received from the Archbishops' Council for distribution to clergy to assist with rising energy costs.

Bishop Phillpotts Library may be used to fund the resource of the library which is located at the Old Cathedral School in Truro.

Bishop Phillpotts' Prize Fund may be used to award school prizes in religious education.

The Net Zero (NZ) Carbon Capacity Building Starter grant is grant funding received from the Archbishops' Council and is being used to resource net zero work in our schools and church buildings.

The Boiler Upgrade Scheme is grant funding received from national government to assist with costs of upgrading boiler in our properties.

The PCR2 funding is additional grant funding received from the Archbishops' Council to assist with funding the costs associated with the PCR2 review which was carried out in 2020.

The Diocesan Investment Programme (DIP) grant is funding received from the Archbishops' Council to assist with financing the Change and Renewal team.

The FLOURISH grant is funding received from the Archbishops' Council to establish of a networks of 40 worshipping communities in schools and FE colleges across the UK.

The Buildings for Mission – Church Buildings Support Officer (CBSO) grant is funding received from the Archbishops' Council towards the costs of employing a CBSO to assist the parishes with work to their buildings.

The Buildings for Mission – Minor Repairs and Improvements (MR & I) grant is funding received from the Archbishops' Council to distribute as small grants to parishes for urgent and necessary repair or improvement projects on their church buildings.

The Net Zero Quick Wins grant is funding received from the Archbishops' Council to help fund small scale decarbonisation projects in the parishes.

Endowment funds

The Parsonage Houses Fund is represented by the book value of parsonage houses and team vicarages. Additions to and disposals from the Fund are financed by or credited to the Pastoral Account respectively.

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992. Following Charity Commission approval of a total return approach to investments, the Trustees may transfer to income all or part of the unapplied total return. An analysis of the fund is given overleaf.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.3 Purposes of funds (continued)

Endowment funds (continued)

Stipends Fund Capital Account analysis:

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2023	10,098,893	28,760,866	38,859,759
Movements in the year:			
Investment return: dividends and interest	-	970,386	970,386
Investment return: unrealised gains / (losses)	-	3,203,908	3,203,908
Investment return: fund raising costs	-	(171,191)	(171,191)
Transfer from Stipends Fund Capital Account to designated fund	-	(799,195)	(799,195)
Indexation on base value of investment	396,969	(396,969)	-
Net movements in 2023	396,969	2,806,939	3,203,908
At 1 January 2024	10,495,862	31,567,805	42,063,667
Movements in the year:			
Investment return: dividends and interest	-	1,039,216	1,039,216
Investment return: unrealised gains / (losses)	-	1,443,164	1,443,164
Investment return: fund raising costs	-	(235,078)	(235,078)
Transfer from Stipends Fund Capital Account to designated fund	-	(1,949,641)	(1,949,641)
Indexation on base value of investment	269,939	(269,939)	-
Net movements in 2024	269,939	27,722	297,661
At 31 December 2024			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	5,001,810	-	5,001,810
Unapplied total return	-	31,595,527	31,595,527
	10,765,801	31,595,527	42,361,328

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.4 Analysis of net assets between funds

At 31 December 2024:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	95,518	850,090	228,322	-	1,173,930
<i>Designated funds:</i>					
Board Houses Fund	15,244,584	-	-	-	15,244,584
Church House Fund	-	-	272,773	-	272,773
TM – Falmouth	-	-	101,651	-	101,651
TM – Phase 2	-	-	398,785	-	398,785
Net Zero 2030	-	-	-	-	-
Energy grants	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	1,425,879	-	1,425,879
Clergy settlements	-	-	-	-	-
Next Steps on the Way	-	-	342,266	-	342,266
Children, young people and families	-	-	285,692	-	285,692
	<u>15,340,102</u>	<u>850,090</u>	<u>3,055,368</u>	<u>-</u>	<u>19,245,560</u>
Restricted funds					
Pastoral Account	-	9,778,245	(1,359,810)	-	8,418,435
Diocesan Council for Mission & Unity	-	-	30,615	-	30,615
Education Trusts	-	589,740	(69,432)	-	520,308
Resourcing Ministry Fund (RMF)	-	-	2,004	-	2,004
Strategic Development Fund – TMF	-	-	25,680	-	25,680
Strategic Development Fund – Phase 2	-	-	(16,503)	-	(16,503)
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-
Bishop Phillpotts Library	-	-	11,811	-	11,811
Bishop Phillpotts' Prize Fund	-	908	5,603	-	6,511
NZ Carbon Capacity Building Starter grant	-	-	-	-	-
Boiler Upgrade Scheme	-	-	-	-	-
PCR2	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-
FLOURISH	-	-	-	-	-
Buildings for Mission – CBSO	-	-	-	-	-
Buildings for Mission – MR & I	-	-	-	-	-
Net Zero Quick Wins grant	-	-	-	-	-
	<u>-</u>	<u>10,368,893</u>	<u>(1,370,032)</u>	<u>-</u>	<u>8,998,861</u>
Expendable endowment					
Parsonage Houses Fund	49,444,144	-	-	-	49,444,144
Permanent endowment					
Stipends Fund Capital Account	-	41,744,456	616,872	-	42,361,328
Total endowments	<u>49,444,144</u>	<u>41,744,456</u>	<u>616,872</u>	<u>-</u>	<u>91,805,472</u>
Total	<u>64,784,246</u>	<u>52,963,439</u>	<u>2,302,208</u>	<u>-</u>	<u>120,049,893</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Funds employed (continued)

23.5 Prior year comparative summary of fund movements

At 31 December 2023:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	11,546	814,608	1,727,299	-	2,553,453
<i>Designated funds:</i>					
Board Houses Fund	13,972,002	-	-	-	13,972,002
Church House Fund	-	-	341,959	-	341,959
TM - Falmouth	-	-	127,605	-	127,605
TM – Phase 2	-	-	535,330	-	535,330
Net Zero 2030	-	-	-	-	-
Energy grants	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	227,203	-	227,203
Clergy settlements	-	-	-	-	-
Next Steps on the Way	-	-	250,000	-	250,000
Children, young people and families	-	-	-	-	-
	<u>13,983,548</u>	<u>814,608</u>	<u>3,209,396</u>	<u>-</u>	<u>18,007,552</u>
Restricted funds					
Pastoral Account	-	10,264,626	1,733,383	-	11,998,009
Diocesan Council for Mission & Unity	-	-	32,807	-	32,807
Education Trusts	-	1,011,964	(347,904)	-	664,060
Resourcing Ministry Fund (RMF)	-	-	(1,164)	-	(1,164)
Strategic Development Fund – TMF	-	-	15,858	-	15,858
Strategic Development Fund – Phase 2	-	-	(133)	-	(133)
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-
Bishop Phillpotts Library	-	-	-	-	-
Bishop Phillpotts' Prize Fund	-	-	11,811	-	11,811
NZ Carbon Capacity Building Starter grant	-	873	5,603	-	6,476
Boiler Upgrade Scheme	-	-	6,464	-	6,464
PCR2	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-
FLOURISH	-	-	-	-	-
Buildings for Mission – CBSO	-	-	-	-	-
Buildings for Mission – MR & I	-	-	-	-	-
Net Zero Quick Wins grant	-	-	-	-	-
	<u>-</u>	<u>11,277,463</u>	<u>1,456,725</u>	<u>-</u>	<u>12,734,188</u>
Expendable endowment					
Parsonage Houses Fund	47,117,618	-	-	-	47,117,618
Permanent endowment					
Stipends Fund Capital Account	-	39,843,652	2,220,015	-	42,063,667
Total endowments	<u>47,117,618</u>	<u>39,843,652</u>	<u>2,220,015</u>	<u>-</u>	<u>89,181,285</u>
Total	<u>61,101,166</u>	<u>51,935,723</u>	<u>6,886,136</u>	<u>-</u>	<u>119,923,025</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	4,737,001	-	503,420	-	5,240,421
Parsonage Houses Fund	34,669,215	-	1,932,352	(30,781)	36,570,786
	<u>39,406,216</u>	<u>-</u>	<u>2,435,772</u>	<u>(30,781)</u>	<u>41,811,207</u>
Comparative analysis for 2023					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	4,591,508	984,625	(193,397)	(645,735)	4,737,001
Parsonage Houses Fund	35,316,469	(984,625)	2,345,552	(2,008,181)	34,669,215
	<u>39,907,977</u>	<u>-</u>	<u>2,152,155</u>	<u>(2,653,916)</u>	<u>39,406,216</u>

25. Capital commitments

Capital expenditure

Expenditure contracted for but not provided for:

Church Schools (through Private Finance Initiative funding):

Contract due to expire in 2031

2024 £ 40,715

2023 £ 46,188

Repairs to properties

163,146

45,809

203,861

91,997

Private Finance Initiative (PFI) payments are due in half-yearly instalments. The payments cover the TDBF's (through the Diocese of Truro Education Trusts) share of the building costs, the costs of financing the scheme and a small share of ongoing maintenance costs. The amounts shown are the total costs over the period of the scheme.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

26. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2024 £	2023 £
Land and buildings		
Within one year of the balance sheet date	31,200	64,280
In the second to fifth years inclusive of the balance sheet date	83,200	109,937
Beyond 5 years of the Balance Sheet date	-	-
	114,400	174,217
Other operating leases		
Within one year of the balance sheet date	4,063	885
In the second to fifth years inclusive of the balance sheet date	8,932	221
	12,995	1,016

27. Pensions

Clergy

The TDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means 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, which were £385,691 in 2024 (2023: £482,435), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £0 (2023 £0).

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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- an average discount rate of 2.7% per annum;
- Retail Price Index inflation of 3.6% per annum (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH; and
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% per annum and an allowance for 2020 data of 0% (ie w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil
31 December 2024	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022 and remained in place until December 2022.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

27. Pensions (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 and 31 December 2024 is nil. The movement in the Balance Sheet liability over 2023 and over 2024 is set out in the table below:

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	-
Balance Sheet liability at 31 December	-	-

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

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

Lay

The TDBF participates in the Church Workers Pension Fund (CWPF) which 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.

Defined Benefits Scheme (DBS)

The TDBF participates in the DBS section of the CWPF for lay staff, which is now closed to future accrual. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers. The DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2024: £7,078, 2023: £26,166), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £7,078 for 2024 (2023: £26,166).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of the DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next valuation is due as at 31 December 2025.

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

27. Pensions (continued)

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

The movement in the provision is set out below:

	2024 £	2023 £
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	-
Balance Sheet liability at 31 December	-	-

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

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

	December 2024	December 2023	December 2022
Discount rate	N/A	N/A	0.00%

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

Following consultation with the three employees for whom the TDBF were still contributing into the DBS scheme, it was decided to close the TDBF section of the DBS scheme from 31 March 2024. The employees moved into the Pension Builder Scheme, see below.

Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the TDBF participates in the PBS section of the 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 PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The TDBF does not have any members in the Pension Builder 2014 scheme.

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending upon the investment returns and other factors.

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 is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means 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 (2024: £35,957, 2023: £145,492). The TDBF took a pension holiday from 1 April 2024, amounting to £134,200 (2023 £0).

A valuation of the Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pensions Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

27. Pensions (continued)

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

28. Transactions with Trustees

The trustees derive no financial benefit for their services as trustees other than the re-imbursement of their out-of-pocket expenses. In 2024, 12 trustees were paid £12,224 (2023: 7 trustees £16,153).

The TDBF enters into transactions, on a regular basis, with other autonomous organisations within the Church of England e.g. parishes (including the Cathedral), the Archbishops' Council and the Church Commissioners. From time to time, certain trustees may serve on committees of other bodies, or on the General Synod. It is not considered appropriate to report the detail of such transactions since no individual or group of individuals so serving has any significant influence over any material transactions.

29. Funds held on behalf of others

The TDBF is custodian trustee for the following investment assets held on behalf of Parochial Church Councils in accordance with the Parochial Church Councils (Powers) Measure 1956.

	2024 £	2023 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	5,507,614	5,409,794
	5,712,814	5,614,994
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,580,903	2,582,902
	2,587,103	2,589,102

The TDBF also acts as custodian trustee in relation to PCC property. These assets are held separately to those of the TDBF.

The TDBF also administers Devolved Formula Capital (DFC) grants (DFC grants provide the diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the TDBF as their agent, the TDBF receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2024, the TDBF held £256,966 (2023: £239,307 in designated bank accounts separate from those of the TDBF).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

30. Prior year comparative SoFA

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Income and endowments from:				
Donations:				
Parish contributions	2,863,661	-	-	2,863,661
Archbishops' Council	963,413	740,667	-	1,704,080
Other	105,478	61,797	-	167,275
Charitable activities – statutory fees etc	220,442	-	-	220,442
Other activities	-	183,275	-	183,275
Investments	609,032	70,399	970,386	1,649,817
Other	28,451	-	214,527	242,978
Total	4,790,477	1,056,138	1,184,913	7,031,528
Expenditure on:				
Raising funds	158,332	-	171,191	329,523
Charitable activities	7,352,177	1,455,880	-	8,808,057
Other resources expended	-	-	-	-
Total	7,510,509	1,455,880	171,191	9,137,580
Net incoming resources before realised gains	(2,720,032)	(399,742)	1,013,722	(2,106,052)
Net gains on investment assets	21,496	1,115,681	3,203,908	4,341,085
Net incoming resources before transfers	(2,698,536)	715,939	4,217,630	2,235,033
Transfer between funds	3,780,820	1,135,309	(4,916,129)	-
Net income for the year	1,082,284	1,851,248	(698,499)	2,235,033
Unrealised gains on revaluation	(193,397)	-	2,345,552	2,152,155
Net movement in funds	888,887	1,851,248	1,647,053	4,387,188
Fund balances at 1 January 2023	17,118,665	10,882,940	87,534,232	115,535,837
Fund balances at 31 December 2023	18,007,552	12,734,188	89,181,285	119,923,025

THE TRURO DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 248330

Accounts

Company Registration No. 00049825
Charity No. 248330

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2023

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

"The God of all grace, who has called you to his eternal glory in Christ, will himself restore, support, strengthen, and establish you."

1 Peter 5.10

The trustees of The Truro Diocesan Board of Finance Limited (the TDBF), who are also the directors of the TDBF for the purposes of company law, continue to trust in the God of all grace, who calls us, and who is faithful. We trust that God has given to God's church in Cornwall and the Isles of Scilly and two parishes in Devon all the gifts that we need, that it is God who sustains and strengthens us, and that by the right use of diocesan assets we can share in God's mission.

2023 saw the implementation of, and building on, the strategic work done in the preceding year to eighteen months with the four key headlines in this report being:

- firstly, the trustees remain committed to **supporting strategic change** through the Diocesan Plan for Change and Renewal (based on plans made locally in each deanery) and the Assets Strategy, with clergy recruitment being the top operational priority;
- secondly, income **contributed by parishes to the Mission and Ministry Fund (MMF)** is now intrinsically linked to the deanery plans and 2023 saw an increase in the collection rate to 90%;
- thirdly, the overall **value of assets for which trustees are responsible** continued to perform strongly; and
- finally, the trustees continued to pursue a policy of **increasing direct support for parish ministry**.

This strategic approach continues notwithstanding the transition of the diocesan bishop Philip Mounstephen to the See of Winchester during 2023. In the view of the trustees this change in leadership with the appointment of Hugh Nelson as acting diocesan bishop was not a reason to pause or otherwise divert from the work underway.

Ongoing commitment to, and resourcing of, strategic change

Deanery plans describe the vision of local church leaders for the flourishing of the church in each place. All the deanery plans were approved by the Episcopal College in 2022 but progress in implementing those plans to date has varied from deanery to deanery. The trustees remain committed to strategic change led through deanery planning and in 2023 the Diocesan Plan for Change and Renewal and the Assets Strategy were approved.

2023 saw the Change and Renewal team fully staffed to support the implementation of deanery plans.

During 2022 we noted a larger than usual number of vacant clergy posts putting real pressure on local ministry in too many places. 2023 saw that number increase further, clergy recruitment is the top operational priority.

MMF income

The budget for MMF contributions from parishes in 2023 was based on commitments described in deanery plans. Through "On the Way" planning each deanery was able to discern the calling of the church locally and set this alongside their resources and the resources made available from the TDBF and national church. The MMF call is therefore now set as part of locally led strategic planning. In many places the local church believed that their previous call was unachievable, hence the call reduced in 2023 leading to a significant increase in the collection rate from 67% to 90%. This is a huge achievement and the trustees are immensely grateful for the faithful generosity of parish leaders and congregations.

The local picture continues to be patchy with some deaneries and parishes performing far better than others and work continues with the deanery implementation teams to improve this.

Value of assets

The Balance Sheet reveals that the overall value of the TDBF's assets remains strong and has again increased. This increase, and the increase in value shown on the Balance Sheet over time, is largely a consequence of the continuing strength of domestic property values in Cornwall. Simply put, houses in Cornwall have increased in value significantly and the TDBF owns or oversees 122 of them.

The Glebe estate has again shown resilience. Despite selling some glebe during 2023 where opportunities arose, the overall value of the glebe portfolio continues to increase. Whilst the yield on the largely agricultural estate remains relatively low, the overall performance of glebe on a total returns basis remains satisfactory.

The value of investments in 2023 'bounced back' from a challenging 2022. However, the performance of the infrastructure investments, including renewable projects, which the trustees support holding, reduced the overall performance slightly.

Increased focus on support for parish ministry

In 2023, reserves, along with some external funding, were used again to enable a focus on supporting parish ministry. It included:

- pushing down on the MMF call to provide stability for parishes;
- an increase in the level of stipend at, or above, the national average; and
- resourcing of Church House based on deanery plans.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

This work continues in 2024.

The trustees present their annual report together with the audited financial statements for the year ended 31 December 2023.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal Objects

The overall objects of the TDBF are to support and promote the work of the Church of England in the Diocese of Truro and to act as a good steward of the resources entrusted to it.

The principal objects set out in the TDBF's Articles of Association are:

- to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Truro, and in particular to organise and provide funds in aid of the work of the Church including:
 - training for ministry;
 - maintenance and financial support and assistance of ministry;
 - provision of pensions for the clergy and for lay workers;
 - overseeing the various properties used by the wider church, including churches, church halls, clergy houses and other buildings;
 - providing religious education through Church of England schools and colleges as well as elsewhere; and
 - financing the diocesan and central organisation.

The TDBF has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 2020;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCC) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the TDBF are established by the trustees and Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Truro (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

Vision, Aims and Objectives

During 2023 the Diocesan Plan for Change and Renewal was approved by trustees and presented to Diocesan Synod. The Plan is based on the twelve deanery plans and describes the capacity and resources needed to implement them. In addition to this the Diocesan Plan for Change and Renewal also identifies key objectives which go beyond what individual parishes or deaneries can reasonably be expected to achieve.

The Diocesan Plan for Change and Renewal describes three main themes or priorities emerging from deanery plans and shaping the work of the Board;

- significant changes in patterns of ministry;
- reversing the steep decline in the number of children and young people with whom we have significant engagement; and
- shifting resources towards ministry and mission in communities experiencing deprivation.

In addition to those three headline themes five other significant priorities are clear in deanery plans and hence in diocesan planning:

- achieving the national ambition for cutting carbon emissions to net zero by 2030;
- supporting parishes in their stewardship of buildings, particularly church buildings;
- a focus on how small churches are able to flourish;
- changes to governance and leadership arising from changing patterns of ministry and to support mission; and
- achieving a sustainable financial model for local churches in partnership with the TDBF and the national church.

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Activities and achievements during the year

Key strategic decisions taken by trustees in 2023 were:

- initiating a trustee-led review of governance as part of a three-step sequence of external/officer/trustee-led reviews;
- approving two key strategic documents, the Diocesan Plan for Change and Renewal and the Assets Strategy. These represent a very significant strategic intervention for the medium to long term with
 - the Diocesan Plan for Change and Renewal aggregating the twelve deanery plans, describing the support needed to implement those plans and introducing work at diocesan level to support fruitfulness and sustainability, and
 - the Assets Strategy further shifting the TDBF resources towards actively supporting parish ministry and diocesan priorities. The strategy increases the planned use of £11m of reserves over 10 years to a total of £22m of reserves over 10 years;
- continuing to push the priority of parishes and deaneries meeting their MMF commitment, whilst also approving 'in year' adjustments to the call where there were ongoing clergy vacancies;
- approving the creation of three 'Dean of Area' posts;
- approval of the 2024 budget which makes provision for ongoing additional support for parishes in line with the assets strategy and earlier commitments; and
- approval of a new Diocesan Board of Education strategy.

During 2023 the trustees successfully aligned the use of the TDBF's assets with a coherent strategic plan. The plan is based on a challenging "bottom-up" model which, although not universally well received or accepted at parish level, has in very many places been welcomed as offering real hope. These plans, both the Diocesan Plan for Change and Renewal and the plan for the use of assets, have been strongly endorsed by Diocesan Synod as well as at local level.

Strong endorsement of plans still needs ongoing encouragement for implementation. Even where new proposals have been most enthusiastically embraced there continues to be a need for nurture and leadership, and in places where plans and planning have become a focus for disunity there is real ongoing challenge that is sometimes costly.

The significance for the diocese of planning in this way and aligning resources to the extent currently proposed should not be underestimated. The ambition and scope of these changes have not been seen in the diocese since at least the "People of God" initiative in the early 2000s and arguably well before that.

The ongoing and developing capacity of the Church House team to promote, oversee and resource change, both from a project and programme management perspective, and from our operational capacity to support pathways and training for new patterns of ministry are strong and have proven to be responsive, flexible and increasingly effective. 2023 has not just been about building capacity, in many places we are seeing plans being implemented and the beginning of data that will in time show what is effective.

This level of intervention introduces new and additional risks, but of course the intervention was not made in a stable or obviously flourishing context and the new risks and challenges must be set against the largely un-mitigated risks that already existed.

Reversing the steep decline in the number of children and young people with whom we have significant engagement is a clear ambition in deanery plans, but early in 2023 trustees noted that taken together the deanery plans were not likely to lead to the sort of transformative change that we believe is now necessary. The decision was taken to allocate very significant funds from the TDBF reserves to additional work in this area and to seek national funding support. Work to draw up plans to achieve the overall ambition is still ongoing.

Resourcing ministry in communities experiencing deprivation is a priority for the trustees. The 2023 and 2024 budgets allocate almost all of the national Lowest Income Communities Funding (LICF) to deaneries through the deanery planning process. The impact of these allocations is being seen in many areas already, in particular stipendiary ministry continues to be supported in places where it may otherwise have been withdrawn.

The Diocesan Plan for Change and Renewal identifies the challenge and opportunity of buildings as a key element in the effectiveness of local leadership of the church. When framing the Assets Strategy £2m was allocated over ten years to support parishes in their stewardship of historic buildings recognising that this level of funding is very far from a "solution" to the challenge or the sole key to unlocking opportunity. Work to establish how best to use this funding is ongoing.

During 2023 the trustees approved initial work to identify how small churches can be supported well to flourish, noting that national policy often assumes a capacity and profile that rarely matches rural churches serving sparse communities.

In 2023 Diocesan Synod approved the Action Plan for the first 5 years to deliver the strategy to Cut Carbon, Cherish Creation and Speak Up. This laid out ambitious targets including how it will be financially resourced. £3 million has been committed in the Diocesan Assets Strategy to do this work, with the majority allocated to upgrading parsonages to cut carbon emissions and reduce costs for clergy.

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Activities and achievements during the year (continued)

Significant progress has been made by the property management team with nine properties (from zero) with an 'A' rated EER (Energy Efficiency Rating) and a coherent plan and growing capacity for carrying this work forward. The cost of the work is rising faster than anticipated and this will be monitored closely, and achieving the target by 2030 without unrealistic disruption to clergy may prove impossible.

Grants of £145,000 have been secured from the national church to pay for Cut Carbon Support Officers who will work directly with churches and schools to implement changes that will cut carbon emissions and energy bills.

There are 72 Creation Care Champions across the Diocese. These are passionate and dedicated volunteers who are driving change locally, supported by the Creation Care Network established by the Diocesan Environment Officer. 74% of churches reported on their energy use via the Energy Footprint Tool which means, for the first time, we have a solid dataset to monitor our progress towards Net Zero.

The challenge of Net Zero and climate justice can sometimes feel unsurmountable, but it is our missional imperative as a church to 'safeguard the integrity of creation' and we continue to seek to lead in this work, and set an example for others to follow.

Leading change can be hard, and at parish, deanery, and diocesan level the cost of leadership can sometimes be high. It is hard to measure the costliness of leadership in 2023 but it has been considerable.

Trustees recognised the importance of releasing parish clergy to be able to focus on their local responsibilities by approving the recruitment of Deans of Area to take up both the traditional rural dean responsibilities and key leadership roles in implementing changes to patterns of ministry.

Public benefit

The trustees believe that, by promoting the work of the Church of England in the Diocese of Truro, the TDBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in the Advancement of Religion for the Public Benefit and have had regard to it in their administration of the TDBF.

Ordained, Licensed, and Commissioned Ministries

Providing and supporting clergy, particularly but not exclusively stipendiary clergy, is a core part of the work of the Diocesan Board of Finance. The Board also supports the discernment, training and ongoing flourishing of Readers and many other commissioned lay leaders and ministers.

While the TDBF is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the TDBF reimburses monthly for the costs of stipendiary clergy deployed in the diocese. Caring for the clergy, curates, readers, local worship leaders and local pastoral ministers in the diocese is a priority of the TDBF and ministry costs represent by far its largest financial commitment.

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry. There was a higher than usual level of vacancies at the end of 2023, even higher than the rate at the end of 2022:

	<u>2023</u>	<u>2022</u>
Stipendiary incumbent status clergy	39	54
Self-supporting clergy	18	10
'House for Duty' clergy	3	6
Stipendiary curates	16	16
Self-supporting curates	6	15
Readers	91	88
Clergy with Permission to Officiate (incl retired and non-retired)	167	148
Local Worship Leaders	232	260
Local Pastoral Ministers	217	223

Deanery Plans describe approximately 65 incumbent status roles (some plans are under review locally but overall we don't expect this number to change much). In common with many dioceses 2022/23 saw many more retirements and other moves than a typical year and with falling numbers of stipendiary clergy in post nationally, recruitment was challenging. During 2023 clergy

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Ordained, Licensed, and Commissioned Ministries (continued)

recruitment became the top operational priority for the trustees and senior leaders in the diocese, with an encouraging improvement in clergy appointed but not yet in-post at the end of 2023. The Board continues to monitor stipendiary clergy numbers closely including monitoring turnover and recruitment rates and considering appropriate incentives. Since year end six appointments have been made.

In most benefices some version of the oversight/local ministry model is likely to be employed. This approach builds on models which have existed in the diocese for at least twenty years and which are known to be better suited to the more rural dispersed patterns of population in Cornwall and the Isles of Scilly. This model will require identifying, training and supporting oversight and local leaders as well as helping parishes to understand what this pattern of ministry will mean for them. The Board is allocating resources to this work and because its success will be vital for the flourishing of the church will also be working to understand where and how it works, and where it works less well.

Work with schools

During 2023, the Diocesan Board of Education (DBE) welcomed a new Interim Diocesan Director of Education (DDE), Lee Moscato, after Katie Fitzsimmons took up the position of DDE in the Diocese of Salisbury. Since year end Lee has been appointed DDE.

The ambition for the DBE was revisited and agreed through consultation to be, 'Our aim is to be a significant partner in improving outcomes for all children in Cornwall and the Isles of Scilly.' The DBE works to this ambition by promoting and living out the Vision for Education of the Church of England and our own vision for our diocese.

A significant piece of work for the DBE, working with our new DDE and ensuring we commit fully to our ambition, was to develop and publish a two-year strategy – our Strategic Commitments. This piece of work has five core threads enabling our schools to flourish and embedding cross-directorate working within our diocese. Within the strategic plan there is a focus on partnerships and how, through these, we can improve educational, societal and life affecting outcomes for all children in Cornwall and the Isles of Scilly:

- Powerful Partnerships – partnering with others to fulfil our commitment to improve outcomes and provision for pupils, adults and school communities;
- Joining the DoTS (Diocese of Truro Schools) – ensuring meaningful connections with and for all schools in our diocese;
- Community, Care and Connectedness – to provide for the most vulnerable through the right people, in the right place with the right purpose to support the pastoral, well-being and spiritual needs of children, young people and their families;
- Worshipping Life of Schools and Communities – to ensure flourishing, school communities that are committed and equipped to develop the spiritual life of the school and the community; and
- Creation Care – to support schools in making a concerted effort to care for God's creation.

As part of our commitment towards 'Powerful Partnerships', this year has seen us begin to implement a new way of working with multi-academy trusts (MATs). Over the next two years, key colleagues within MATs will be trained and connected through networks to strengthen our work and reinforce our shared commitment towards flourishing futures for our schools and their communities. This approach has informed our review of the structure of the Education Team which will evolve over the next three years to meet the needs of trusts and ensure efficient working.

Training for school colleagues and leaders continues in areas such as Religious Education (RE), school leadership, curriculum and Statutory Inspection of Anglican and Methodist Schools (SIAMS) preparation. We have 'Joined the DoTS' with national speakers and colleagues from within the national education team to support this. Training has been shaped to meet the needs of our schools and trusts and has included, at the request of schools, spirituality training, equity, diversity and inclusion and continued governance support.

The education landscape continues to evolve and, a core piece of work to reflect this was the publication of our Academisation Strategy. This document sets out our vision that all schools join strong MATs but also gives transparency of the processes and expectations involved in achieving this.

Volunteers

The diocese continues to remain heavily dependent on the huge number of people involved in church activities at parish, deanery and diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the TDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the diocese.

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Financial Review

Financial performance

The Statement of Financial Activities (SoFA) for the year on page 19 shows total income of £7,032k (2022: £7,261k) and total expenditure of £9,138k (2022: £8,184k), resulting in net expenditure of £2,106k (2022: £923k).

The decrease in income of £229k is made up of £210k lower parish contributions, £232k less funding received from Archbishops' Council, £40k less received for parochial fees and £31k fewer donations. This was in part offset by £141k higher investment income and £163k more realised gains on disposal of assets than in 2022.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2023 this income reduced by £210k to £2,864k (2022: £3,074k). The MMF collection rate significantly improved to 90.72%, from 67.57% in the previous year. The amount asked of parishes (the call) reduced in 2023 to reflect the amount in deanery plans (see note 3 on page 27). This is the main contributory factor to the improvement in the collection rate.

Income from the Archbishops' Council represents the second largest source of income at £1,714k, nearly 60% of the amount received from parishes in the form of MMF. The breakdown of the different funding streams received can be seen in note 3. In 2022 £269k was received to pass on to the parishes to assist with the energy cost challenges being faced; no such funding was received in 2023.

Expenditure increased by £954k. This is mainly due to resourcing ministry costing £632k more in 2023 when compared to 2022, with support for ministry and mission costing £193k more and expenditure on education costing £102k more.

Within the resourcing ministry heading is the budget for property maintenance which was increased, and spent, in 2023, by £720k. The opportunity to carry out works (which include net zero works) while properties are empty continues. This increase was offset in part by £148k less being spent on clergy pensions. The clergy pension fund became fully funded in 2022 which led to a reduction in the contribution rate as deficit payments were no longer required to be paid. See note 28 on page 51 for more information.

The increase in support for ministry and mission spend is mainly due to the full year effect of the cost of the Change and Renewal team, an increase of £301k, which is part funded by the Archbishops Council, with the remainder from the TDBF's reserves. There is also an increase of £91k in the central support costs. These increases are offset by a reduction in grants of £85k and lay pension movements of £107k. In late 2022 funding was made available from the Archbishops' Council and the TDBF reserves to pay grants to parishes, clergy and lay staff mainly to assist with the increased energy costs. This continued into early 2023 but no further funding was made available in late 2023. In 2022 there was a final lay pension movement of £107k which came about following the latest valuation which showed the scheme was fully funded.

The property market in Cornwall, according to Land Registry data, weakened in 2023 with values reducing by an average of 3.5%. However, the value of the properties on the balance sheet have increased in 2023 by £2.3m. This has come about because the value of the works being carried out on some of our properties is increasing their value. This information comes from valuations on properties received when the quinquennial inspections are carried out.

The value of investments held also increased in value in 2023 with an unrealised gain of £4.2m, being made up of £1.9m on glebe and £2.3m on listed and unlisted investments.

This net gain resulted in the total fund balances again increasing from £115,536k to £119,923k.

Significant property transactions

In 2023 the TDBF sold eight properties, which were surplus to requirements, for net proceeds of £4.2m. No properties were purchased in the year.

The TDBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the diocese; and
- to realise development potential in some properties, thereby using resources more effectively for the ministry of the church.

Work on this strategy is continuing as the deanery plans are implemented as part of the Next Steps On the Way work.

Balance Sheet position

The net assets at the balance sheet date totalled £119,923k (2022: £115,536k). This includes properties totalling £61,101k (2022: £62,893k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the TDBF.

The trustees are satisfied that the TDBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

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Reserves Policy

Free reserves

Taking into account the continuing level of change in housing, MMF contribution levels, projected operating results and our commitment to the diocesan strategy, the trustees' policy is to hold the following reserves:

	General Fund £'000	Designated Funds £'000	Pastoral Account £'000	Total £'000
Working Capital	520	-	-	520
Bridging loan for replacing parsonages	-	-	1,500	1,500
Provision for covering any unexpected deficit	500	-	-	500
Additional working capital for regular housing maintenance and repairs	-	-	250	250
Funding any future developments arising from decisions taken at the BDC	100	-	-	100
Loans to PCCs	500	-	-	500
Designated Funds	-	12,860	-	12,860
Diocesan Pastoral Account - Benefice Accounts	-	-	4,000	4,000
Total	1,620	12,860	5,750	20,230

As at 31 December 2023 the amount of readily realisable assets in the General Fund required under the policy is £1,620k (2022: £1,700k), as per the table above. Actual free reserves as at 31 December 2023 amounted to £2,553k (2022: £1,544k) which is above the target amount and has come about as three surplus Board properties were sold in 2023.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 24 on page 43. At 31 December 2023 total designated reserves were £15,455k (2022: £15,575k).

Restricted and endowment funds

As set out in note 24 the TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2023 restricted funds totalled £12,734k (2022: £10,883k) and endowment funds totalled £89,181k (2021: £87,534k). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £3,311k (2022: £3,311k).

Fundraising Activities

The TDBF undertakes very limited fundraising activities directly with individuals. The majority of the TDBF's income comes from other charitable entities. The TDBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2023.

Investment policies

Under the Articles of Association, the TDBF has the power to make any investment which the Trustees see fit. The Investment Management Committee (the Committee) oversees the management of the TDBF's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the investments shall be administered and was updated in January 2023.

It is expected that an ethical approach is adopted at all times: broadly this encompasses the objectives of The Church of England's Ethical Investment Advisory Group, the Diocesan Environmental Policy and more recently the Church's objective of 'net zero' by 2030. The overriding objective is to support the mission of the Church in the diocese through a portfolio that aligns strongly with the diocesan and wider Church's Ethical, Social and Governance (ESG) values. The priorities are the maintenance of capital in real terms, together with a sustainable and growing level of distributions. The investments are to be managed on a total return basis. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale, as well as to keep pace with inflation. Other asset classes are included to moderate risk and protect income flows.

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Investment policies (continued)

The Committee continues to believe that it is prudent to rely on external fund managers (particularly CCLA) in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Committee is permitted to consider all authorised managers and types of fund, subject to appropriate due diligence.

There were no changes to the portfolio during the year.

Investments are held in two of the CBF Church of England Funds, representing 64.8% of the total value of the TDBF's investments of £31,546k (excluding Glebe) at 31 December 2023. The remaining 35.2% are held in listed investments (see note 19 on page 40).

The Committee has adopted an Industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The benchmark rose by 7.3% in capital terms in 2023 and the TDBF's combined portfolio (excluding glebe investments) rose by 7.9% in the same period. The yield on the portfolio was 3.0%.

At present it is estimated that just over 10% of the portfolio is invested in renewable funds or projects. During 2022 a process started to try and calculate the carbon footprint of the TDBF portfolio and it proved quite challenging to obtain data. Some progress was made in 2023 with a view to tracking progress towards net zero 2030 despite investments being outside the scope for the Church of England Net Zero 2030 agenda. It is estimated that in 2022 our carbon emissions from underlying scopes 1 and 2 emissions were 629 tCO₂e. This is unaudited and is based on unaudited reporting by companies and funds that may be both erroneous and misinterpreted. There is also a small element of estimating where no data was available. It is hoped this reporting will improve for 2023 data. Some of the investments are in renewables and other activities helping to reduce others' carbon footprints but these savings have not been reported as offsetting the carbon footprint of our other investments.

The Committee continue to believe that the 'responsible', ESG aligned approach being adopted remains appropriate, although the cost of living crisis and the aftermath of the jump in energy process has put the entire net zero and ESG agenda under pressure, with accusations of greenwashing abounding in the media. The managers continue to focus on companies and sectors where there are good prospects for the medium to long term, whilst ensuring a dependable income flow in the short term, believing that a responsible approach by management to its business soon feeds through to profits and share prices. The Committee continue to believe the portfolio is well positioned to benefit when the current trends are reversed and a less febrile environment returns.

The trustees consider these investment returns to be satisfactory and is comfortable with the asset allocation of the portfolio.

Total Returns

On 28 March 2018, the TDBF, as the sole trustee of the Diocese of Truro Stipends Fund Capital Account (SCA), made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the SCA permanent endowment fund. On 28 March 2018, the TDBF identified the value of the gifts of permanent endowment as at 31 December 1999, the earliest date with reliable valuations. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 28 March 2018 and the inflation-indexed baseline value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the TDBF to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the TDBF to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure on stipends and other direct clergy costs. The TDBF decided to make a transfer from unapplied total return to unrestricted income funds in both 2022 and 2023. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the trustees and the Bishop's Diocesan Council referred to an analysis prepared by Mike Sturgess, Chair of the TDBF, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2023 is indicated in note 12 on page 34.

The Funds for Mission panel consider grant applications under £5,000 and the Senior Leadership Team consider applications above this level.

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry and are paid to other charitable projects which appear to the TDBF to support the furtherance of its objects.

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Principal risks and uncertainties

The trustees and the Bishop's Diocesan Council are responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the trustees on a regular basis, with the responsibility for delivery of the mitigation strategies identified being delegated to the Finance, Assets and Risk (FAR) Committee and the Diocesan Secretary.

The risk managers meet quarterly to discuss the ongoing development of the process and each register is reviewed in detail by the FAR Committee annually on a rotating schedule.

The risk register identifies the following high risk areas where the residual likelihood of the risk occurring is 'likely or almost certain' and the residual impact of the events is considered 'major or critical'. These areas and the associated mitigation strategies are:

- Finance: MMF income insufficient to meet financial commitments.
 - monthly monitoring by Finance department;
 - regular detailed MMF management information communicated to deaneries and parishes;
 - proactive approach to those not making MMF contributions implemented and parishes are being contacted;
 - mechanism for agreeing cost of ministry
 - the Next Steps On the Way process works with deaneries to enable fruitfulness and sustainability for parishes;
 - annual budgeting;
 - effective use of reserves, for example funds released by the Total Returns mechanism;
 - prudent reserves policy, which is reviewed annually;
 - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme with parishes and contactless giving;
 - liaising closely with Church Commissioners and other national bodies about national strategy; and
 - The Saints Way to lead the vision for the diocese.
- Ministry: transitions not completed effectively and efficiently.
 - well trained Transitions Advisers allocated to work with Archdeacons, Rural Deans and local leaders to support the development of future vision and plans for each benefice;
 - support provided to parishes with drafting their Profile, and with the recruitment process; and
 - follow up with new clergy and parish team following appointment to gain feedback to improve service.
- Property: funding constraints. MMF and rental income falls placing considerable constraint on property budget that cannot be managed without impacting on property services and knock on delivery to ministry.
 - budget and expenditure monitoring by Finance Department with monthly review at Property Management Committee; and
 - formal decision making process and financial regulations providing a control over spending.
- Safeguarding: failure to safeguard, care and nurture children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
 - implementation of national and local policies and practice guidance;
 - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;
 - Diocesan Safeguarding Team in place to provide support, guidance and training; and
 - training strategy and annual training programme (including virtual training) in place that aligns with national guidance;
 - Diocesan Safeguarding trainer and network of volunteer trainers in place;
 - training information reported to the TDBF and Diocesan Safeguarding Advisory Panel (DSAP); and
 - training for senior leaders.
- Environment: aspirations limited by legislation or national policy.
 - Environment Action Plan approved at November 2023 Diocesan Synod; and
 - the Diocesan Environment Board monitors progress being made by each group to implement its part in the overall environment strategy and action plan.

Structure and Governance

Summary Information about the Structure of the Church of England

The Diocese of Truro is part of the wider Church of England, and any description of the governance structure of the Truro Diocese and the TDBF must be set within the context of the structure of the Church of England itself.

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in England.

Each diocese in England is divided into benefices, which comprises a number of parishes, although some parishes can be a benefice in their own right. Each benefice is overseen by a priest (usually called a vicar, rector or priest in charge). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish. Benefices are also grouped together into deaneries, with there being twelve deaneries in the Diocese of Truro.

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Trustees' Annual Report

For the year ended 31 December 2023

Summary Information about the Structure of the Church of England (continued)

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are about 120 bishops, including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice a year to consider legislation for the broader good of the Church.

The National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority, to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese of Truro

The statutory governing body of the diocese is the Diocesan Synod. It consists of the House of Bishops, the House of Clergy and the House of Laity, with broadly equal numbers of clergy and lay people providing representation across the diocese. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop when requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

The Diocese of Truro was created in 1877. It covers the whole of the county of Cornwall, the Isles of Scilly, plus two parishes in Devon.

Archdeaconries, Deaneries, Benefices and Parishes

The whole of the diocese is divided into parishes which for administrative and governance purposes is generally the smallest pastoral area in the Church of England. Typically, each parish has one parish church. In total there are 214 parishes in the diocese.

The ecclesiastical parish is governed by a PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation in the parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. The Diocese of Truro has two archdeaconries, each with six deaneries, the archdeaconry of Cornwall in the west, and of Bodmin in the east of the diocese.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the two archdeaconries under the spiritual leadership of the Diocesan Bishop.

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For the year ended 31 December 2023

Deanery Synods

There are 12 deaneries in the diocese, each with its own Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and the role of the synods is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- allocate the deanery MMF call between their parishes and report the allocation back to the Board; and
- develop a deanery plan for the mission of the Church in the deanery.

Diocesan Governance

The diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the diocese. Membership consists of 14 ex officio members, including the Bishops and Archdeacons, 48 clergy members elected by the houses of clergy in Deanery Synods, 45 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

The Truro Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the diocese. It was incorporated on 23 October 1896 as a charitable company limited by guarantee (No. 00049825) and its governing documents are the Memorandum and Articles of Association. The TDBF is registered with the Charity Commission (No. 248330).

Every member of Diocesan Synod is a member of the TDBF, for company law purposes, and has a personal liability limited to £10 under their guarantee as company members in the event of its being wound up. The Bishop's Diocesan Council consists of the members of the Bishop's Council and Standing Committee who are also the trustees and directors of the TDBF under law.

Bishop's Diocesan Council

Diocesan Synod has delegated the following functions to the Bishop's Council and Standing Committee, via the Bishop's Diocesan Council:

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the diocese;
- preparation of annual estimates of expenditure;
- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

The TDBF has responsibility for the day-to-day financial management of the diocese.

Also within the responsibility of the Bishop's Diocesan Council are the following statutory committees of the TDBF:

- Parsonages Board, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses and houses owned by the TDBF;
- Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends fund of the diocese;
- Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England; and

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

Bishop's Diocesan Council (continued)

- Diocesan Board of Education (DBE), which is responsible, under the Diocesan Board of Education Measure 2020, for the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England; the promotion of religious education and religious worship in schools in the diocese; and the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese.

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on pages 14 and 15. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the TDBF for the purposes of company law.

All elected members of the Bishop's Diocesan Council may serve for a maximum of six years before standing down for at least one year, but may stand for re-election thereafter.

The Bishop's Diocesan Council's responsibilities

The Bishop's Diocesan Council, as the body of trustees / directors, is responsible for preparing the Trustees' Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Bishop's Diocesan Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the TDBF and of the incoming resources and application of resources, including the income and expenditure, of the TDBF for that period. In preparing these financial statements, the Bishop's Diocesan Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the TDBF will continue in operation.

The Bishop's Diocesan Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the TDBF and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the TDBF and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Bishop's Diocesan Council is responsible for the maintenance and integrity of the corporate and financial information included in the Diocese of Truro's website.

Statement of disclosure to auditor

So far as each member of the Bishop's Diocesan Council is aware, there is no relevant audit information of which the TDBF's auditor is unaware, and each member of the Bishop's Diocesan Council has taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Finance, Assets and Risk Committee

The trustees of the TDBF have formed a committee consisting of the Chair of the Truro Diocesan Board of Finance, members of the BDC, and members co-opted on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

Trustees are recruited through a mixture of ex-officio positions, elections and nominations.

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and risk management. Further development resources are made available through the life of the triennium. There is also a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

Delegation of day to day delivery

The Bishop's Diocesan Council and the Finance, Assets and Risk Committee rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the TDBF. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the TDBF in accordance with the policies framed by the Trustees.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Remuneration Committee, under delegated authority from the Bishop's Diocesan Council. The Committee obtains reliable up-to date information about remuneration in other organisations of comparable scale and nature.

Funds held as Custodian Trustee

The TDBF is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the TDBF does not control them, and they are segregated from the TDBF's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £5.6m at 31 December 2023 (2022: £5.1m), are available from the TDBF on request, and are summarised in note 30 on page 54. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the TDBF's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

The TDBF administers Devolved Formula Capital (DFC) grants for the diocese's church schools. At 31 December 2023, it held £239,307 (2022: £248,918) in designated bank accounts separate from those of the TDBF.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The TDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners and are therefore not reflected in these financial statements.

Parochial Church Councils (PCCs)

The TDBF is required by Measure to be custodian trustee in relation to PCC property, but it has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the TDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from The Cathedral Office, The Old Cathedral School, Cathedral Close, Truro, TR1 2FQ.

Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund – a registered charity which provides financial support to clergy or their dependents in particular financial need. Specifically, support may be provided to the spouse or the dependants of deceased clergy; to retired clergy or their dependants; or to the spouse or dependants of clergy from whom the spouse is separated or divorced.

Pensions

Stipendiary clergy, and the TDBF's lay staff who joined the TDBF before 1 February 2010, are members of the Church of England Funded Pensions Scheme and the Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund, respectively. Both schemes provide defined retirement benefits and both are non-contributory except for lay staff who have joined the TDBF since 1 April 2004 who can have additional matching contributions up to 6% of their pensionable salaries if they make contributions.

On 1 February 2010, the TDBF closed its Defined Benefits Scheme to new lay staff who are instead eligible to join the Pension Builder Scheme (previously known as the Defined Contributions Scheme (DCS)), part of the Church Workers Pension Fund. This scheme is contributory and provides limited pension guarantees.

Further details about these schemes are contained in note 28 on page 51 to the financial statements.

Appointment of solicitors

A resolution to reappoint Veale Wasbrough Wizards LLP as solicitors to the TDBF will be proposed at the Annual General Meeting.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

Appointment of auditors

A resolution to appoint Francis Clark LLP as auditors to the TDBF will be proposed at the Annual General Meeting.

Administrative Information

Trustees

The Trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law) who served during the year and who were members at the date of this report were as follows:

Chairman (ex officio)	The Rt. Revd. P I Mounstephen (resigned 10 October 2023)
Chairman of the Truro Diocesan Board of Finance (elected by the Members)	Mr M J Sturgess
Ex officio	The Rt. Revd. H Nelson The Very Revd. S Robinson (The Dean) The Ven. P D Bryer (Archdeacon of Cornwall) (died 14 October 2023) The Ven. K A Betteridge (Archdeacon of Bodmin)

Elected by the relevant Houses of Diocesan Synod

Chair of the House of Clergy	The Revd. C C McQuillen Wright
Chair of the House of Laity	Lay Canon Mr R J Perry

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall	Mr A P Hicks
Archdeaconry of Bodmin	The Revd. P R Holley The Revd. R J Terry The Revd. J W Foot (resigned 6 June 2023) Mr R B Smith

Bishop's Appointments

	Mrs C E Irwin Dr A G Thompson The Revd. T Folland The Revd. S Morgan (resigned 30 April 2023) Mrs A Corbett
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Company Secretary	The Revd. Canon S Cade
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Registered Office	Church House Woodlands Court Truro Business Park Threemilestone Truro TR4 9NH
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Telephone	01872-274351
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Email address	info@truro.anglican.org
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Website	www.trurodiocese.org.uk
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Company registration number	00049825 (England and Wales)
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Charity registration number	248330
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Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
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Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
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Auditors	Haymacintyre LLP, 10 Queen Street Place, London
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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2023

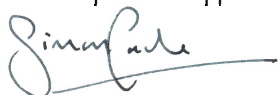
Administrative Information (continued)

Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London
	Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London
	Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London
	Cazenove Capital, 1 London Wall Place, London
Glebe estate manager	Savills, Lemon Street, Truro
Property manager	Savills, Lemon Street, Truro

Approval of this report

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by s.415A of the Companies Act 2006.

This report was approved by the trustees on 25 April 2024 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman of the Board

Church House
Woodlands Court
Truro Business Park
Threemilestone
Truro
TR4 9NH

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 12), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- challenging assumptions and judgements made by management in their critical accounting estimates;
- testing transfers between funds; and
- performing cut-off testing in respect of revenue.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 July 2024

10 Queen Street Place
London
EC4R 1AG

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Statement of Financial Activities

For the year ended 31 December 2023

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2023 £	2022 £
Income and endowments from:	3					
Donations:						
Parish contributions		2,863,661	-	-	2,863,661	3,073,895
Archbishops' Council		963,413	740,667	-	1,704,080	1,945,784
Other		105,478	61,797	-	167,275	188,484
Charitable activities – statutory fees		220,442	-	-	220,442	259,772
Other activities	4	-	183,275	-	183,275	203,905
Investments	5	609,032	70,399	970,386	1,649,817	1,509,344
Other	6	28,451	-	214,527	242,978	79,771
Total		4,790,477	1,056,138	1,184,913	7,031,528	7,260,955
Expenditure on:						
Raising funds	7	158,332	-	171,191	329,523	302,621
Charitable activities	8	7,352,177	1,455,880	-	8,808,057	7,881,868
Other resources expended	9	-	-	-	-	-
Total		7,510,509	1,455,880	171,191	9,137,580	8,184,489
Net incoming / (outgoing) resources before realised gains / (losses)		(2,720,032)	(399,742)	1,013,722	(2,106,052)	(923,534)
Net gains / (losses) on investment assets		21,496	1,115,681	3,203,908	4,341,085	(1,753,076)
Net incoming / (outgoing) resources before transfers		(2,698,536)	715,939	4,217,630	2,235,033	(2,676,610)
Transfer between funds	13	3,780,820	1,135,309	(4,916,129)	-	-
Net income for the year		1,082,284	1,851,248	(698,499)	2,235,033	(2,676,610)
Unrealised (losses) / gains on revaluation	14	(193,397)	-	2,345,552	2,152,155	4,464,165
Net movement in funds	15	888,887	1,851,248	1,647,053	4,387,188	1,787,555
Fund balances at 1 January 2023		17,118,665	10,882,940	87,534,232	115,535,837	113,748,282
Fund balances at 31 December 2023		18,007,552	12,734,188	89,181,285	119,923,025	115,535,837

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Income and Expenditure Account,

For the year ended 31 December 2023

	2023 £	2022 £
Total incoming resources	5,846,615	6,251,303
Resources expended	(8,966,389)	(8,080,152)
Operating deficit for the year	(3,119,774)	(1,828,849)
Net gains / (losses) on investments	1,137,177	(1,581,072)
Net (expenditure) for the year	(1,982,597)	(3,409,921)
Other comprehensive income		
Revaluation of fixed assets	(193,397)	1,180,654
Net assets transferred from endowments	4,916,129	750,131
Total comprehensive income / (expenditure)	2,740,135	(1,479,136)

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Balance Sheet at 31 December 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	18	61,101,166	62,892,983
Investments	19	51,935,723	48,183,050
		<u>113,036,889</u>	<u>111,076,033</u>
Current assets			
Debtors	20	659,475	1,025,922
Cash at bank and in hand	21	7,281,025	4,348,303
		<u>7,940,500</u>	<u>5,374,225</u>
Creditors: amounts falling due within one year			
Other creditors	22	(1,054,364)	(914,421)
Net current assets		<u>6,886,136</u>	<u>4,459,804</u>
Net assets		<u>119,923,025</u>	<u>115,535,837</u>
Funds employed			
Unrestricted funds		18,007,552	17,118,665
Restricted funds		12,734,188	10,882,940
		<u>30,741,740</u>	<u>28,001,605</u>
Total unrestricted and restricted funds			
Expendable endowment			
Parsonage Houses Fund		47,117,618	48,674,473
Permanent endowments			
Stipends Fund Capital Account		42,063,667	38,859,759
		<u>89,181,285</u>	<u>87,534,232</u>
Total endowments			
Total funds employed	24.4	<u>119,923,025</u>	<u>115,535,837</u>
The revaluation reserve included in the above funds is:	25	<u>39,406,216</u>	<u>39,907,977</u>

The cash flow statement on page 22 and the notes on pages 23 to 55 form part of these financial statements. These financial statements were approved by the Board of Trustees and authorised for issue on 25 April 2024 and signed on its behalf by:

Mr M J Sturgess
Chairman of the Board

Company Registration No. 00049825



The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Cash Flow Statement

For the year ended 31 December 2023

	£	2023 £	£	2022 £
Net cash outflow from operating activities (see below)		(2,954,711)		(2,472,739)
Cash flows from investing activities				
Dividends, interest and rent from investments		1,122,776		995,352
Proceeds from the sale of:				
Tangible fixed assets		4,246,126		505,272
Fixed asset investments		630,935		600,565
Purchase of:				
Tangible fixed assets for the use of the Board of Finance		(69,881)		(636,667)
Fixed asset investments		(42,523)		(17,052)
Net cash provided by investing activities		5,887,433		1,447,470
Change in cash and cash equivalents in the reporting period		2,932,722		(1,025,269)
Cash and cash equivalents at 1 January 2023		4,348,303		5,373,572
Cash and cash equivalents at 31 December 2023		7,281,025		4,348,303
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December 2023		4,387,188		1,787,554
Adjustments for:				
Depreciation charges		10,705		9,570
Dividends, interest and rent from investments		(1,122,776)		(995,353)
Profit on sale of functional assets		(242,978)		(79,771)
Gains on investments and revaluation of fixed assets		(6,493,240)		(2,711,089)
(Decrease)/increase in loans to parishes		(72,000)		19,500
Decrease/(increase) in debtors		438,447		(188,291)
Increase/(decrease) in creditors		139,943		(27,735)
Defined benefit pension costs less contributions payable		-		(289,124)
Defined benefit pension finance costs		-		2,000
Net cash (used in) operating activities		(2,954,711)		(2,472,739)
Analysis of cash and cash equivalents				
Cash in hand		7,281,025		4,348,303

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

1. Constitution

The Truro Diocesan Board of Finance Limited is incorporated, in England and Wales (Company Registration Number 00049825), as limited by guarantee under the Companies Act 2006. The Registered Office is Church House, Woodlands Court, Truro Business Park, Threemilestone, Truro, TR4 9NH. In the event of winding up, up to the permitted maximum 114 members of the TDBF are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the TDBF and the costs, charges and expenses of winding up. At the year end there were 82 members.

2. Principal accounting policies

The charity meets the definition of a Public Benefit Entity in accordance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and investments (held as fixed assets), which are included at their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities* (Second Edition, effective 1 January 2019, applicable accounting standards (FRS 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland*) and the Companies Act 2006.

The financial statements have been prepared in UK sterling currency and rounded to the nearest £1.

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the TDBF to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the TDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the TDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

All income is included in the SoFA when the TDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income in the year in respect of which it is received.

Rents receivable is recognised as income in the period with respect to which it relates.

Interest and dividends are recognised as income when receivable.

Grants received which are subject to pre-conditions for entitlement specified by the donor which have not yet been met at the year-end are included in creditors to be carried forward to the following year.

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

Gains on disposal of fixed assets for the TDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

(b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SoFA category.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(b) Expenditure (continued)

Charitable expenditure is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the diocese.

Grants payable are charged to the SoFA in the year when the offer is conveyed to the recipient except those in cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the TDBF, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grants offered subject to such conditions which have not yet been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House.

Employee benefits. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 28).

Deficit funding for the pension schemes to which the TDBF participates is accrued at current value in creditors, separated between contributions falling due within one year and more than one year.

(c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value in the financial statements. The TDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repairs of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are carried out to ensure that the carrying value is not less than the recoverable amount in accordance with FRS 102.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The TDBF has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The TDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Diocesan Council therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value.

School properties

Aided schools are the subject either of Trusts for which the TDBF acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the dioceses. Accordingly, school properties are not included in these financial statements.

The distribution of the proceeds from the sale of a redundant school may depend on an order of the Department for Education or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the TDBF in trust. When approval for distribution is eventually granted, the TDBF's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

Churches closed for public worship are not included in these financial statements because, in the opinion of Bishop's Diocesan Council, they are of negligible value. If a situation arises whereby a church is likely to be an asset rather than a liability, then it will be brought into the financial statements at the appropriate time.

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33¹/₃% on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.

Listed investments are UK listed company shares and are valued at their quoted bid price.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued every 5 years to establish fair value. The last revaluation took place as at 31 December 2020. In the intervening years, the Bishops' Diocesan Council adjust the market value for additions and disposals and such professional advice that may be received if this is material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

Financial instruments are recognised in the TDBF's balance sheet when the TDBF becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured as the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 19.

Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount due with the carrying value adjusted to reflect repayments made in subsequent periods.

(e) Other accounting policies

Leasing

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the lease term.

(f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted income funds and capital endowment funds.

Unrestricted funds are freely available for any purpose within the TDBF's objects. They include funds which have been set aside by the Bishops' Diocesan Council out of the General Fund for designated purposes.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(f) Fund balances (continued)

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the TDBF, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment. The Bishop's Diocesan Council has adopted a policy of Total Return in respect of the permanent endowment in line with section 5A of the Diocesan Stipends Funds Measure 1953.

Details of the major funds are given in note 24.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the TDBF acts as trustee and controls the management and use of the funds, are included in the TDBF's own financial statements as charity branches. Trusts where the TDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

(g) Critical accounting estimates and judgements

In the application of the TDBF's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of any pension liability.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Current year call	3,156,491	-	-	3,156,491
Shortfall in contributions	(338,168)	-	-	(338,168)
	<u>2,818,323</u>	<u>-</u>	<u>-</u>	<u>2,818,323</u>
Receipts for previous year	45,338	-	-	45,338
	<u>2,863,661</u>	<u>-</u>	<u>-</u>	<u>2,863,661</u>

Current year MMF receipts represent 89.29% of the total call (2022: 66.48%) or, when receipts for previous years are included, 90.72% of the total call (2022: 67.57%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Lowest Income Communities Fund (LICF)	916,315	-	-	916,315
Contribution to registrar's retainer	47,098	-	-	47,098
Strategic Development Funding (SDF) – Falmouth	-	162,917	-	162,917
Strategic Development Funding (SDF) – Phase 2	-	219,188	-	219,188
RMF (formerly RME)	-	41,135	-	41,135
Generous Giving Funding	-	45,800	-	45,800
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	45,600	-	45,600
Strategic Ministry Funding (SMF)	-	121,629	-	121,629
Strategic Capacity Funding (SCF) – On the Way	-	-	-	-
Transition Funding	-	47,937	-	47,937
Energy cost grants	-	-	-	-
Clergy hardship grants	-	-	-	-
Archbishops mission grant	-	(5,191)	-	(5,191)
NZ Carbon Capacity Building Starter grant	-	15,000	-	15,000
PCR2	-	14,288	-	14,288
Diocesan Investment Programme grant	-	32,364	-	32,364
	<u>963,413</u>	<u>740,667</u>	<u>-</u>	<u>1,704,080</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Benefact Trust (previously AllChurches Trust)	91,000	-	-	91,000
Boiler upgrade Scheme (BUS)	-	10,000	-	10,000
Contribution towards church schools:				
Department for Education	-	48,557	-	48,557
Donations from individuals	7,918	3,240	-	11,158
Other contributions	6,560	-	-	6,560
	<u>105,478</u>	<u>61,797</u>	<u>-</u>	<u>167,275</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2022

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Current year call	4,549,440	-	-	4,549,440
Shortfall in contributions	(1,525,042)	-	-	(1,525,042)
	3,024,398	-	-	3,024,398
Receipts for previous year	49,497	-	-	49,497
	3,073,895	-	-	3,073,895

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Lowest Income Communities Fund (LICF)	880,221	-	-	880,221
Contribution to registrar's retainer	42,465	-	-	42,465
Strategic Development Funding (SDF) – Falmouth	-	152,001	-	152,001
Strategic Development Funding (SDF) – Phase 2	-	225,499	-	225,499
RMF (formerly RME)	-	87,703	-	87,703
Generous Giving Funding	-	46,933	-	46,933
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	14,870	-	14,870
Strategic Ministry Funding (SMF)	-	117,494	-	117,494
Strategic Capacity Funding (SCF) – On the Way	-	32,340	-	32,340
Transition Funding	-	33,108	-	33,108
Energy cost grants	-	269,000	-	269,000
Clergy hardship grants	-	34,150	-	34,150
Archbishops mission grant	-	10,000	-	10,000
NZ Carbon Capacity Building Starter grant	-	-	-	-
PCR2	-	-	-	-
Diocesan Investment Programme grant	-	-	-	-
	922,686	1,023,098	-	1,945,784

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Benefact Trust (previously AllChurches Trust)	104,000	-	-	104,000
Boiler upgrade Scheme (BUS)	-	-	-	-
Contribution towards church schools: Department for Education	-	47,872	-	47,872
Donations from individuals	22,233	3,709	-	25,942
Other contributions	10,670	-	-	10,670
	136,903	51,581	-	188,484

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Rents from Parsonage houses	-	154,261	-	154,261
Recoverable costs	-	29,014	-	29,014
	-	183,275	-	183,275

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Rents from Parsonage houses	-	193,905	-	193,905
Recoverable costs	-	10,000	-	10,000
	-	203,905	-	203,905

5. Investment income

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Dividends and interest	499,580	33,953	589,243	1,122,776
Rents:				
Board properties	109,452	-	-	109,452
Glebe estate	-	-	381,143	381,143
Redundant schools	-	36,446	-	36,446
	609,032	70,399	970,386	1,649,817

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Dividends and interest	358,007	32,716	604,630	995,353
Rents:				
Board properties	115,915	-	-	115,915
Glebe estate	-	-	361,630	361,630
Redundant schools	-	36,446	-	36,446
	473,922	69,162	966,260	1,509,344

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Realised gains on disposal of assets for the TDBF's own use	28,451	-	214,527	242,978

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Realised gains on disposal of assets for the TDBF's own use	36,379	-	43,392	79,771

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Glebe: Outgoings	-	-	115,560	115,560
Management charges	-	-	55,631	55,631
Pension scheme interest	-	-	-	-
Let vacant parsonages (management charges)	-	-	-	-
Central support costs	158,332	-	-	158,332
	158,332	-	171,191	329,523

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Glebe: Outgoings	-	-	114,868	114,868
Management charges	-	-	50,714	50,714
Pension scheme interest	2,000	-	-	2,000
Let vacant parsonages (management charges)	189	-	-	189
Central support costs	134,850	-	-	134,850
	137,039	-	165,582	302,621

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Contributions to Archbishops' Council				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	92,113	-	-	92,113
Grants and provisions	16,222	-	-	16,222
Mission Agency pension contributions	5,043	-	-	5,043
Retired clergy housing costs (CHARM)	62,399	-	-	62,399
	333,306	-	-	333,306
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	1,874,952	121,629	-	1,996,581
Pension contributions	458,280	-	-	458,280
Clergy salary	38,984	-	-	38,984
Clergy settlements	63,900	-	-	63,900
Home/parish mileage	10,665	-	-	10,665
Sundry clergy related costs	36,398	-	-	36,398
Housing costs	1,776,987	263,165	-	2,040,152
Property management charges	153,294	-	-	153,294
Resettlement and associated costs	82,947	-	-	82,947
Other payments (including training)	298,336	-	-	298,336
Central support costs	219,546	-	-	219,546
	5,014,289	384,794	-	5,399,083
Support for ministry and mission				
Mission Fund grants	434,464	-	-	434,464
Diocesan support for ordinands in training	101,392	65,411	-	166,803
Training and development	48,598	-	-	48,598
DMPC functions	145,481	-	-	145,481
Specialist ministries	39,578	20,767	-	60,345
Safeguarding	141,284	14,288	-	155,572
Social Responsibility	-	-	-	-
Diocesan Advisory Committee	36,918	-	-	36,918
Chancellor's and Registrar's retainers	49,443	-	-	49,443
Faculty fees	14,970	-	-	14,970
Communications	66,408	-	-	66,408
Closed church expenditure	-	31,938	-	31,938
General Synod members' expenses	6,208	-	-	6,208
Central support costs	500,304	-	-	500,304
Lay staff cost of living payments	1,765	-	-	1,765
Movement in lay pension scheme deficit	-	-	-	-
Generous Giving Advisors	-	45,800	-	45,800
Next Steps On the Way	254,991	125,901	-	380,892
Bad debt provision	(20,000)	-	-	(20,000)
Transforming Mission (TM) – Falmouth	(20,331)	170,243	-	149,912
Transforming Mission (TM) – Phase 2	145,901	218,851	-	364,752
	1,947,374	693,199	-	2,640,573
Expenditure on Education				
Support for church schools and parishes	57,208	377,887	-	435,095
	7,352,177	1,455,880	-	8,808,057

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Contributions to Archbishops' Council				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	96,483	-	-	96,483
Grants and provisions	13,293	-	-	13,293
Mission Agency pension contributions	6,579	-	-	6,579
Retired clergy housing costs (CHARM)	59,422	-	-	59,422
	333,306	-	-	333,306
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,061,851	117,494	(61,245)	2,118,100
Pension contributions	606,025	-	-	606,025
Clergy salary	8,994	-	-	8,994
Clergy settlements	33,806	-	-	33,806
Home/parish mileage	8,950	-	-	8,950
Sundry clergy related costs	24,469	-	-	24,469
Housing costs	1,320,516	-	-	1,320,516
Property management charges	145,462	-	-	145,462
Resettlement and associated costs	85,443	-	-	85,443
Other payments (including training)	233,778	-	-	233,778
Central support costs	181,438	-	-	181,438
	4,710,732	117,494	(61,245)	4,766,981
Support for ministry and mission				
Mission Fund grants	218,086	330,123	-	548,209
Diocesan support for ordinands in training	118,487	92,315	-	210,802
Training and development	37,178	-	-	37,178
DMPC functions	145,383	-	-	145,383
Specialist ministries	30,360	21,867	-	52,227
Safeguarding	144,241	-	-	144,241
Social Responsibility	21,309	-	-	21,309
Diocesan Advisory Committee	34,403	-	-	34,403
Chancellor's and Registrar's retainers	50,403	-	-	50,403
Faculty fees	11,542	-	-	11,542
Communications	52,473	-	-	52,473
Closed church expenditure	-	37,563	-	37,563
General Synod members' expenses	5,877	-	-	5,877
Central support costs	409,463	-	-	409,463
Lay staff cost of living payments	36,854	-	-	36,854
Movement in lay pension scheme deficit	(107,502)	-	-	(107,502)
Generous Giving Advisors	-	46,933	-	46,933
Next Steps On the Way	-	80,318	-	80,318
Bad debt provision	20,000	-	-	20,000
Transforming Mission (TM) – Falmouth	81,896	152,391	-	234,287
Transforming Mission (TM) – Phase 2	150,528	225,792	-	376,320
	1,460,981	987,302	-	2,448,283
Expenditure on Education				
Support for church schools and parishes	74,336	258,962	-	333,298
	6,579,355	1,363,758	(61,245)	7,881,868

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

9. Other resources expended

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2023 £
Raising funds	171,191	-	158,332	329,523
Charitable activities:				
Contributions to Archbishops' Council	-	333,306	-	333,306
Resourcing parish ministry	5,104,322	75,215	219,546	5,399,083
Support for ministry and mission	1,496,735	643,534	500,304	2,640,573
Education	435,095	-	-	435,095
	<u>7,207,343</u>	<u>1,052,055</u>	<u>878,182</u>	<u>9,137,580</u>

Comparative analysis for 2022

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2022 £
Raising funds	167,771	-	134,850	302,621
Charitable activities:				
Contributions to Archbishops' Council	-	333,306	-	333,306
Resourcing parish ministry	4,474,350	111,193	181,438	4,766,981
Support for ministry and mission	1,513,411	525,409	409,463	2,448,283
Education	333,298	-	-	333,298
	<u>6,488,830</u>	<u>969,908</u>	<u>725,751</u>	<u>8,184,489</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

11. Analysis of support costs

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2023
	General	Designated			
	£	£	£	£	£
Central administration	852,382	-	-	-	852,382
Governance:					
External audit	25,800	-	-	-	25,800
Registrar and Chancellor	49,443	-	-	-	49,443
Synodical costs	6,208	-	-	-	6,208
	933,833	-	-	-	933,833

Comparative analysis for 2022

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2022
	General	Designated			
	£	£	£	£	£
Central administration	706,431	-	-	-	706,431
Governance:					
External audit	19,320	-	-	-	19,320
Registrar and Chancellor	50,403	-	-	-	50,403
Synodical costs	5,877	-	-	-	5,877
	782,031	-	-	-	782,031

The Registrar and Chancellor, Governance Review and Synodical costs are not included in the support costs in note 10.

12. Analysis of grants made

	Number	Individuals	Institutions	2023	2022
		£	£	£	£
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	333,306	333,306	333,306
From unrestricted funds:					
Resettlement and first incumbency grants	16	42,610	-	42,610	45,886
Doing Church Differently grants	-	-	-	-	7,562
Ordinands in training	3	22,298	-	22,298	19,438
Clergy for training	14	4,607	-	4,607	5,069
Mission initiatives in parishes	102	-	633,534	633,534	203,874
Clergy hardship grants	7	5,700	-	5,700	6,650
	142	75,215	633,534	708,749	288,479
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	295,973
Overseas mission work	2	-	10,000	10,000	18,000
Clergy hardship grants	-	-	-	-	34,150
	2	-	10,000	10,000	348,123
	149	75,215	976,840	1,052,055	969,908

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2022

	Number	Individuals £	Institutions £	2022 £	2021 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	333,306	333,306	346,149
From unrestricted funds:					
Resettlement and first incumbency grants	18	45,886	-	45,886	53,067
Doing Church Differently grants	1	-	7,562	7,562	(675)
Ordinands in training	2	19,438	-	19,438	8,209
Clergy for training	22	5,069	-	5,069	4,148
Mission initiatives in parishes	77	-	203,874	203,874	57,219
Clergy hardship grants	7	6,650	-	6,650	-
	127	77,043	211,436	288,479	121,968
From restricted funds for various purposes:					
Mission initiatives in parishes	124	-	295,973	295,973	-
Overseas mission work	3	-	18,000	18,000	18,000
Clergy hardship grants	38	34,150	-	34,150	-
	165	34,150	313,973	348,123	18,000
	297	111,193	858,715	969,908	486,117

13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
Property repairs	1,638,626	(1,638,626)	-
Payments to acquire property	-	(45,537)	45,537
Receipts from sale of property	-	2,819,472	(2,819,472)
Total Return spend	799,194	-	(799,194)
Transfer Parsonages to Board properties	1,343,000	-	(1,343,000)
	3,780,820	1,135,309	(4,916,129)
Comparative analysis for 2022			
	Unrestricted funds £	Restricted funds £	Endowments £
Property repairs	1,131,861	(1,131,861)	-
Payments to acquire property	-	(93,939)	93,939
Receipts from sale of property	-	43,392	(43,392)
Total Return spend	800,678	-	(800,678)
Transfer Parsonages to Board properties	-	-	-
	1,932,539	(1,182,408)	(750,131)

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

14. Other gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Revaluation of land and buildings	(193,397)	-	2,345,552	2,152,155

Comparative analysis for 2022

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Revaluation of land and buildings	1,180,654	-	3,283,511	4,464,165

15. Net movement in funds

	2023 £	2022 £
This is stated after charging:		
Staff costs (note 16)	1,598,307	1,436,416
Redundancy costs	-	14,561
Auditor's remuneration - audit fee (excluding VAT)	21,500	16,100
- other services	2,050	-
Realised losses on disposals of tangible fixed assets	-	-
Operating leases - land and buildings	60,992	57,867
- other	885	5,105
Depreciation of tangible fixed assets	10,705	9,570
	2023 £	2022 £
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	242,978	79,771
Realised gains on disposals of investment fixed assets	115,062	338,215

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	1,306,831	1,183,185
Social security costs	119,818	116,316
Pension contributions	171,658	136,915
	1,598,307	1,436,416

The average number of persons employed during the year:

	2023	2022
Administration and financial management	17	15
Communications	1	1
Discipleship & Ministry, Stewardship	12	13
Safeguarding & inclusion	3	4
Education	2	2
Transforming Mission	8	8
Change & Renewal	5	1
	48	44

The average number of persons employed during the year based on full time equivalents:

	2023	2022
Administration and financial management	14.6	13.3
Communications	1.2	0.9
Discipleship & Ministry, Stewardship	8.3	8.6
Safeguarding & inclusion	2.0	2.6
Education	2.3	2.6
Transforming Mission	4.7	6.3
Change & Renewal	3.7	0.5
	36.8	34.8

Remuneration of higher paid employees were as follows:

	2023 £	2022 £
£60,001 - £70,000	1	1

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2023 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director of Ministry	Jonathan Rowe (post made redundant June 2022)
Director of Education	Katie Fitzsimmons (resigned 31 August 2023)
	Lee Moscato (appointed 1 September 2023)
Director of Finance and Assets	Sophie Eddy

For these 3 (2022: 4) employees remuneration and pensions amounted to £242,567 (2022: £272,393). Expenses were £1,839 (2022: £1,893).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The son of a member of the key management personnel worked for the TDBF and earned £1,850 (2022: £1,096).

Trustees' emoluments

No trustee received any remuneration for services as trustee. 7 trustees (2022: 6) received travelling and out of pocket expenses, totalling £16,153 (2022: £12,744) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the TDBF during the year:

	Stipend	Housing
The Rt Revd H Nelson	No	Yes
The Ven K Betteridge	Yes	Yes
The Ven P Bryer	Yes	Yes
The Revd. C McQuillen-Wright	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. S Morgan	Yes	Yes
The Revd. B Morgan Lundie	Yes	Yes
The Revd. P Holley	Yes	Yes
The Revd. J W Foot	Yes	Yes

The TDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than Bishops and cathedral staff. The TDBF is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishop but excluding the Diocesan Bishop and cathedral staff.

The TDBF paid an average of 66 (2022: 76) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2023 £	2022 £
Stipends	1,861,983	2,041,564
National insurance contributions	152,455	169,786
Pension costs	482,435	635,136
Apprenticeship Levy	8,472	9,231
	2,505,345	2,855,717

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £40,967 - £52,671 (2022 range £38,648 - £49,690). The annual rate of stipend, funded by the TDBF, paid to Archdeacons in 2023 was in the range £36,461 - £38,649 (2022 range £36,100 - £36,461) and other clergy who were Trustees were paid in the range £27,149 - £29,303 (2022 range £25,265 - £27,644).

17. Taxation

The TDBF is a registered charity and is not liable to UK corporation tax.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

18. Tangible fixed assets

18.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2023	14,207,650	48,674,473	62,882,123
Additions	12,953	45,537	58,490
Disposals	(1,398,204)	(2,604,944)	(4,003,148)
Revaluation adjustment	(193,397)	2,345,552	2,152,155
Transfer	1,343,000	(1,343,000)	-
At 31 December 2023	13,972,002	47,117,618	61,089,620

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses (parsonages) which are vested in the incumbent but still included as TDBF assets in accordance with the accounting policies. Land and buildings at 31 December 2023 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2023	9,616,142	13,358,004	22,974,146
Additions	12,953	45,537	58,490
Disposals	(752,469)	(596,763)	(1,349,232)
Transfer	358,375	(358,375)	-
At 31 December 2023	9,235,001	12,448,403	21,683,404

18.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2023	28,218
Additions	11,391
At 31 December 2023	39,609
<i>Depreciation</i>	
At 1 January 2023	26,172
Charge for year	3,614
At 31 December 2023	29,786
<i>Net book value</i>	
At 31 December 2023	9,823
At 31 December 2022	2,046

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

18. Tangible fixed assets (continued)

18.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2023	98,057
Additions	-
Disposals	-
At 31 December 2023	98,057
<i>Depreciation</i>	
At 1 January 2023	89,243
Disposals	-
Charge for year	7,091
At 31 December 2023	96,334
<i>Net book value</i>	
At 31 December 2023	1,723
At 31 December 2022	8,814

18.4 Total tangible fixed assets

	2023 £	2022 £
<i>Net book value</i>		
Freehold land and buildings	61,089,620	62,882,123
Leasehold premises	9,823	2,046
Office equipment	1,723	8,814
	61,101,166	62,892,983

19. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2023	18,945,000	10,909,384	18,328,666	48,183,050
Additions	42,523	-	-	42,523
Disposals	(515,874)	-	-	(515,874)
Revaluation adjustment	1,918,351	175,717	2,131,956	4,226,024
Transfer	-	-	-	-
At 31 December 2023	20,390,000	11,085,101	20,460,622	51,935,723

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the TDBF in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the trustees accordingly.

Listed investments substantially comprise shares in funds managed by Sarasin and Cazenove. Unlisted investments substantially comprise shares in funds managed by The CBF Church of England Funds.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

20. Debtors

	2023 £	2022 £
<i>Amounts falling due within one year</i>		
Trade debtors	26,018	7,391
Concessionary loans to parishes and others	113,500	40,000
Other debtors including prepayments and accrued income	479,957	937,031
	619,475	984,422
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	40,000	41,500
	659,475	1,025,922

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £110,000 (2022: £10,000). The repayment terms of the loans range from 6 months to 5 years.

21. Cash at bank and in hand

	2023 £	2022 £
The CBF Church of England Deposit Fund	5,902,282	4,033,568
COIF Charities Deposit Fund	361,197	338,630
Barclays Bank PLC	31,039	28,939
National Westminster Bank PLC	1,528,025	707,333
Savills Client Account	284,816	55,507
Cash in hand	25	571
	8,107,384	5,164,548
Less: attributable to local trust funds	(826,359)	(81,245)
	7,281,025	4,348,303

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

22. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	572,030	295,830
Other creditors (including taxation and social security)	67,936	115,020
Accruals and deferred income (note 23)	414,398	503,591
	<u>1,054,364</u>	<u>914,441</u>

23. Deferred income

	2023 £	2022 £
Deferred income is included within:		
Creditors due within one year	206,460	253,281
Deferred income as at 1 January 2023	253,281	412,272
Released from previous years	(170,203)	(410,355)
Resources deferred in the year	123,382	251,364
Deferred income as at 31 December 2023	<u>206,460</u>	<u>253,281</u>

Included within deferred income of £206,460 (2022: £253,281) are the following balances: £62,392 (2022: £56,393) in respect of glebe deferred income, £89,000 (2022: £82,065) in respect of glebe service charges, £0 (2022: £47,937) received in advance of entitlement and £23,143 (2022: £40,934) received on behalf of schools.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed

24.1 Summary of fund movements

At 31 December 2023:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,544,244	4,790,477	(6,855,091)	21,496	3,052,327	2,553,453
<i>Designated funds:</i>						
Board Houses Fund	14,207,650	-	28,450	(193,397)	(70,701)	13,972,002
Church House Fund	435,631	-	(93,672)	-	-	341,959
Densham Loan Fund	-	-	-	-	-	-
TM - Falmouth	87,274	-	20,331	-	20,000	127,605
TM – Phase 2	275,889	-	(145,901)	-	405,342	535,330
Net Zero 2030	350,000	-	-	-	(350,000)	-
Energy grants	90,000	-	(84,658)	-	(5,342)	-
Clergy hardship fund	-	-	(5,700)	-	5,700	-
Lay staff cost of living payments	-	-	(1,765)	-	1,765	-
Mission grants	127,977	-	(258,382)	-	357,608	227,203
Clergy Settlements	-	-	(63,900)	-	63,900	-
Next Steps on the Way	-	-	(50,221)	-	300,221	250,000
	<u>17,118,665</u>	<u>4,790,477</u>	<u>(7,510,509)</u>	<u>(171,901)</u>	<u>3,780,820</u>	<u>18,007,552</u>
Restricted funds						
Pastoral Account	9,909,726	183,275	(285,103)	1,054,802	1,135,309	11,998,009
Diocesan Council for Mission & Unity	39,611	3,240	(10,044)	-	-	32,807
Education Trusts	862,134	118,956	(377,887)	60,857	-	664,060
Mission Fund	-	-	-	-	-	-
RMF (formerly RME)	23,111	41,135	(65,410)	-	-	(1,164)
SDF – TM Falmouth	23,184	162,917	(170,243)	-	-	15,858
SDF – Phase 2	(470)	219,188	(218,851)	-	-	(133)
SCF – On the Way	-	-	-	-	-	-
Strategic Ministry Fund	-	121,629	(121,629)	-	-	-
Generous Giving Fund	-	45,800	(45,800)	-	-	-
Transition Funding	-	47,937	(47,937)	-	-	-
SCF–Dir Change & Renewal	-	45,600	(45,600)	-	-	-
Energy Cost Grant	-	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-	-
Archbishop mission grant	6,889	(5,191)	(1,698)	-	-	-
Bishop Phillpotts Library	12,301	-	(490)	-	-	11,811
Bishop Phillpotts Prize Fund	6,454	-	-	22	-	6,476
NZ Carbon Capacity Building Starter grant	-	15,000	(8,536)	-	-	6,464
Boiler Upgrade Scheme	-	10,000	(10,000)	-	-	-
Past Case Review 2 (PCR2)	-	14,288	(14,288)	-	-	-
Diocesan Investment Programme (DIP) grant	-	32,364	(32,364)	-	-	-
	<u>10,882,940</u>	<u>1,056,138</u>	<u>(1,455,880)</u>	<u>1,115,681</u>	<u>1,135,309</u>	<u>12,734,188</u>
Expendable endowment						
Parsonage Houses Fund	48,674,473	214,527	-	2,345,552	(4,116,934)	47,117,618
Permanent endowment						
Stipends Fund Capital Account	38,859,759	970,386	(171,191)	3,203,908	(799,195)	42,063,667
	<u>87,534,232</u>	<u>1,184,913</u>	<u>(171,191)</u>	<u>5,549,460</u>	<u>(4,916,129)</u>	<u>89,181,285</u>
Total endowments						
	<u>87,534,232</u>	<u>1,184,913</u>	<u>(171,191)</u>	<u>5,549,460</u>	<u>(4,916,129)</u>	<u>89,181,285</u>
Total	<u>115,535,837</u>	<u>7,031,528</u>	<u>(9,137,580)</u>	<u>6,493,240</u>	<u>-</u>	<u>119,923,025</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.2 Prior year comparative summary of fund movements

At 31 December 2022:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,924,347	4,903,557	(6,244,448)	(91,724)	1,052,512	1,544,244
<i>Designated funds:</i>						
Board Houses Fund	12,909,768	-	36,379	1,180,654	80,849	14,207,650
Church House Fund	478,831	-	(43,200)	-	-	435,631
Densham Loan Fund	1,500	-	-	-	(1,500)	-
TM – Falmouth	169,170	-	(81,896)	-	-	87,274
TM – Phase 2	426,417	-	(150,528)	-	-	275,889
Net Zero 2030	-	-	(24,782)	-	374,782	350,000
Energy grants	-	-	(139,693)	-	229,693	90,000
Clergy hardship fund	-	-	(6,650)	-	6,650	-
Lay staff cost of living payments	-	-	(36,854)	-	36,854	-
Mission grants	-	-	(24,722)	-	152,699	127,977
Clergy Settlements	-	-	-	-	-	-
Next Steps on the Way	-	-	-	-	-	-
	<u>15,910,033</u>	<u>4,903,557</u>	<u>(6,716,394)</u>	<u>1,088,930</u>	<u>1,932,539</u>	<u>17,118,665</u>
Restricted funds						
Pastoral Account	12,296,706	203,905	(37,563)	(1,370,914)	(1,182,408)	9,909,726
Diocesan Council for Mission & Unity	53,967	3,709	(18,065)	-	-	39,611
Education Trusts	1,122,400	117,034	(258,963)	(118,337)	-	862,134
Mission Fund	26,972	-	(26,972)	-	-	-
RMF (formerly RME)	27,723	87,703	(92,315)	-	-	23,111
SDF- TM Falmouth	23,574	152,001	(152,391)	-	-	23,184
SDF – Phase 2	(177)	225,499	(225,792)	-	-	(470)
SCF– On the Way	-	32,340	(32,340)	-	-	-
Strategic Ministry Fund	-	117,494	(117,494)	-	-	-
Generous Giving Fund	-	46,933	(46,933)	-	-	-
Transition Funding	-	33,108	(33,108)	-	-	-
SCF–Dir Change & Renewal	-	14,870	(14,870)	-	-	-
Energy Cost Grant	-	269,000	(269,000)	-	-	-
Clergy Hardship Fund	-	34,150	(34,150)	-	-	-
Archbishop mission grant	-	10,000	(3,111)	-	-	6,889
Bishop Phillpotts Library	12,992	-	(691)	-	-	12,301
Bishop Phillpotts Prize Fund	6,551	-	-	(97)	-	6,454
NZ Carbon Capacity Building Starter grant	-	-	-	-	-	-
Boiler Upgrade Scheme	-	-	-	-	-	-
Past Case Review 2 (PCR2)	-	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-	-
	<u>13,570,708</u>	<u>1,347,746</u>	<u>(1,363,758)</u>	<u>(1,489,348)</u>	<u>(1,182,408)</u>	<u>10,882,940</u>
Expendable endowment						
Parsonage Houses Fund	45,297,023	43,392	-	3,283,511	50,547	48,674,473
Permanent endowment						
Stipends Fund Capital Account	38,970,518	966,260	(104,337)	(172,004)	(800,678)	38,859,759
	<u>84,267,541</u>	<u>1,009,652</u>	<u>(104,337)</u>	<u>3,111,507</u>	<u>(750,131)</u>	<u>87,534,232</u>
Total endowments						
	<u>84,267,541</u>	<u>1,009,652</u>	<u>(104,337)</u>	<u>3,111,507</u>	<u>(750,131)</u>	<u>87,534,232</u>
Total	<u>113,748,282</u>	<u>7,260,955</u>	<u>(8,184,489)</u>	<u>2,711,089</u>	<u>-</u>	<u>115,535,837</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds

Unrestricted funds

The General Fund supports the day to day activities of the TDBF.

The Board House Fund is represented by the book value of board properties. Additions to and disposals from the Fund are financed by or credited to the General Fund respectively.

The following other funds have been set aside by the trustees for purposes which the trustees themselves have designated:

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the new office premises at Church House.

The Densham Loan Fund originated from a bequest given to the TDBF in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars.

The Transforming Mission Funds are for the TDBF's contributions to assist with financing the Transforming Mission project in Falmouth, Camborne, Truro, St Austell and Liskeard. There is a restricted fund for this work which is funded by the Archbishops Council.

The Net Zero 2030 fund is paying for Net Zero works on the TDBF properties.

The Energy Grants is funding which was added to the funding received from the Archbishops Council to increase the amount distributed to the parishes to assist with rising energy costs.

The Clergy Hardship Fund is funding which was added to the funding received from the Archbishops Council to increase the amount distributed to the clergy to assist with rising energy costs.

The Lay staff cost of living payment fund is for payments which were made to lay staff to assist them with the cost of living crisis which included rising energy costs.

The mission grants fund is for mission initiatives included in the deanery plans.

The Next Steps on the Way fund is the TDBF's contributions to assist with financing the Change and Renewal team. There is a restricted fund (DIP) for this work which is funded by the Archbishops Council.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £3.3m is ringfenced pending pastoral reorganisations.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub committee of the TDBF) for the purposes of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Mzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Mzimvubu).

The Diocese of Truro Education Trusts are governed by Schedule 36 of the Education Act 1996. The fund mainly represents the unspent sale proceeds of redundant Church of England school properties. The objects of the trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

The Mission Fund is for the specific purposes of investment in new mission initiatives which are not included in deanery plans.

Resourcing Ministerial Formation (RMF) (formerly Resourcing Ministerial Education (RME)) is a grant, received from the Archbishops Council to fund some elements of the training of ordinands in the diocese.

The Strategic Development Fund TMF (Transforming Mission Falmouth) restricted fund is grant funding received from the Archbishops Council to assist with financing the Transforming Mission project in Falmouth. There is an unrestricted fund which is funded by TDBF.

The Strategic Development Fund TM (Transforming Mission) Phase 2 is grant funding received from the Archbishops Council to assist with financing the Transforming Mission project in Camborne, Truro, St Austell and Liskeard. There is an unrestricted fund which is funded by TDBF.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

Restricted funds (continued)

The Strategic Capacity Fund – On the Way is grant funding received from the Archbishops Council to assist in funding the On the Way work.

The Strategic Capacity Fund – Director of Change & Renewal is grant funding received from the Archbishops Council to assist in funding the new post which is leading the Next Steps On the Way delivery.

The Strategic Ministry Fund is grant funding received from the Archbishops Council to assist with financing curates.

The Generous Giving Fund is grant funding received from the Archbishops Council to assist with financing Generous Giving Advisors.

The Transition Funding is grant funding received from the Archbishops Council and is being used to resource the delivery of Next Steps On the Way.

The Energy Cost Grant is grant funding received from the Archbishops Council for distribution to parishes to assist with rising energy costs.

The Clergy Hardship Fund is grant funding received from the Archbishops Council for distribution to clergy to assist with rising energy costs.

Bishop Phillpotts Library may be used to fund the resource of the library which is located at the Old Cathedral School in Truro.

Bishop Phillpotts' Prize Fund may be used to award school prizes in religious education.

The Net Zero (NZ) Carbon Capacity Building Starter grant is grant funding received from the Archbishops Council and is being used to resource net zero work in our schools and church buildings.

The Boiler Upgrade Scheme is grant funding received from national government to assist with costs of upgrading boiler in our properties.

The PCR2 funding is additional grant funding received from the Archbishops Council to assist with funding the costs associated with the PCR2 review which was carried out in 2020.

The Diocesan Investment Programme (DIP) grant is funding received from the Archbishops Council to assist with financing the Change and Renewal team.

Endowment funds

The Parsonage Houses Fund is represented by the book value of parsonage houses and team vicarages. Additions to and disposals from the Fund are financed by or credited to the Pastoral Account respectively.

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992. Following Charity Commission approval of a total return approach to investments, the Trustees may transfer to income all or part of the unapplied total return. An analysis of the fund is given overleaf.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

Endowment funds (continued)

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2022	9,138,228	29,975,855	39,114,083
Movements in the year:			
Investment return: dividends and interest	-	966,260	966,260
Investment return: unrealised gains / (losses)	-	(172,004)	(172,004)
Investment return: fund raising costs	-	(165,582)	(165,582)
Funding of clergy pension deficit contributions	-	(82,320)	(82,320)
Transfer from Stipends Fund Capital Account to designated fund	-	(800,678)	(800,678)
Indexation on base value of investment	960,665	(960,665)	-
Net movements in 2022	960,665	(1,214,989)	(254,324)
At 1 January 2023	10,098,893	28,760,866	38,859,759
Movements in the year:			
Investment return: dividends and interest	-	970,386	970,386
Investment return: unrealised gains / (losses)	-	3,203,908	3,203,908
Investment return: fund raising costs	-	(171,191)	(171,191)
Funding of clergy pension deficit contributions	-	-	-
Transfer from Stipends Fund Capital Account to designated fund	-	(799,195)	(799,195)
Indexation on base value of investment	396,969	(396,969)	-
Net movements in 2023	396,969	2,806,939	3,203,908
At 31 December 2023			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	4,731,871	-	4,731,871
Unapplied total return	-	31,567,805	31,567,805
	10,495,862	31,567,805	42,063,667

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.4 Analysis of net assets between funds

At 31 December 2023:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	11,546	814,608	1,727,299	-	2,553,453
<i>Designated funds:</i>					
Board Houses Fund	13,972,002	-	-	-	13,972,002
Church House Fund	-	-	341,959	-	341,959
Densham Loan Fund	-	-	-	-	-
TM – Falmouth	-	-	127,605	-	127,605
TM – Phase 2	-	-	535,330	-	535,330
Net Zero 2030	-	-	-	-	-
Energy grants	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	227,203	-	227,203
Next Steps on the Way	-	-	250,000	-	250,000
	<u>13,983,548</u>	<u>814,608</u>	<u>3,209,396</u>	<u>-</u>	<u>18,007,552</u>
Restricted funds					
Pastoral Account	-	10,264,626	1,733,383	-	11,998,009
Diocesan Council for Mission & Unity	-	-	32,807	-	32,807
Education Trusts	-	1,011,964	(347,904)	-	664,060
Mission Fund	-	-	-	-	-
RMF (formerly RME)	-	-	(1,164)	-	(1,164)
Strategic Development Fund – TMF	-	-	15,858	-	15,858
Strategic Development Fund – Phase 2	-	-	(133)	-	(133)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-
Bishop Phillpotts Library	-	-	-	-	-
Bishop Phillpotts' Prize Fund	-	-	11,811	-	11,811
NZ Carbon Capacity Building Starter grant	-	873	5,603	-	6,476
Boiler Upgrade Scheme	-	-	6,464	-	6,464
PCR2	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-
	<u>-</u>	<u>11,277,463</u>	<u>1,456,725</u>	<u>-</u>	<u>12,734,188</u>
Expendable endowment					
Parsonage Houses Fund	47,117,618	-	-	-	47,117,618
Permanent endowment					
Stipends Fund Capital Account	-	39,843,652	2,220,015	-	42,063,667
Total endowments	<u>47,117,618</u>	<u>39,843,652</u>	<u>2,220,015</u>	<u>-</u>	<u>89,181,285</u>
Total	<u>61,101,166</u>	<u>51,935,723</u>	<u>6,886,136</u>	<u>-</u>	<u>119,923,025</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.5 Prior year comparative summary of fund movements

At 31 December 2022:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	10,860	793,112	740,272	-	1,544,244
<i>Designated funds:</i>					
Board Houses Fund	14,207,650	-	-	-	14,207,650
Church House Fund	-	-	435,631	-	435,631
Densham Loan Fund	-	-	-	-	-
TM - Falmouth	-	-	87,274	-	87,274
TM – Phase 2	-	-	275,889	-	275,889
Net Zero 2030	-	-	350,000	-	350,000
Energy grants	-	-	90,000	-	90,000
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	127,977	-	127,977
Next Steps on the Way	-	-	-	-	-
	14,218,510	793,112	2,107,043	-	17,118,665
Restricted funds					
Pastoral Account	-	9,209,823	699,903	-	9,909,726
Diocesan Council for Mission & Unity	-	-	39,611	-	39,611
Education Trusts	-	951,107	(88,973)	-	862,134
Mission Fund	-	-	-	-	-
RMF (formerly RME)	-	-	23,111	-	23,111
Strategic Development Fund – TMF	-	-	23,184	-	23,184
Strategic Development Fund – Phase 2	-	-	(470)	-	(470)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	6,889	-	6,889
Bishop Phillpotts Library	-	-	12,301	-	12,301
Bishop Phillpotts' Prize Fund	-	851	5,603	-	6,454
NZ Carbon Capacity Building Starter grant	-	-	-	-	-
Boiler Upgrade Scheme	-	-	-	-	-
PCR2	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-
	-	10,161,781	721,159	-	10,882,940
Expendable endowment					
Parsonage Houses Fund	48,674,473	-	-	-	48,674,473
Permanent endowment					
Stipends Fund Capital Account	-	37,228,157	1,631,602	-	38,859,759
Total endowments	48,674,473	37,228,157	1,631,602	-	87,534,232
Total	62,892,983	48,183,050	4,459,804	-	115,535,837

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	4,591,508	984,625	(193,397)	(645,735)	4,737,001
Parsonage Houses Fund	35,316,469	(984,625)	2,345,552	(2,008,181)	34,669,215
	39,907,977	-	2,152,155	(2,653,916)	39,406,216
Comparative analysis for 2022					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	3,494,784	-	1,180,654	(83,930)	4,591,508
Parsonage Houses Fund	32,032,958	-	3,283,511	-	35,316,469
	35,527,742	-	4,464,165	(83,930)	39,907,977

26. Capital commitments

	2023 £	2022 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	46,188	51,584
Repairs to properties	45,809	138,396
	91,997	189,980

Private Finance Initiative (PFI) payments are due in half-yearly instalments. The payments cover the TDBF's (through the Diocese of Truro Education Trusts) share of the building costs, the costs of financing the scheme and a small share of ongoing maintenance costs. The amounts shown are the total costs over the period of the scheme.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

27. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2023 £	2022 £
Land and buildings		
Within one year of the balance sheet date	64,280	51,400
In the second to fifth years inclusive of the balance sheet date	109,937	33,600
Beyond 5 years of the Balance Sheet date	-	-
	174,217	85,000
Other operating leases		
Within one year of the balance sheet date	885	885
In the second to fifth years inclusive of the balance sheet date	221	885
	1,016	1,770

The large increase in land and buildings commitments is due to the signing of a new lease. The team based at Church House will move to the Old Cathedral School as the lease at Church House runs out in August 2024.

28. Pensions

Clergy

The TDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means 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, which were £482,435 in 2023 (2022: £635,136), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022 £82,320).

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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- an average discount rate of 2.7% per annum;
- Retail Price Index inflation of 3.6% per annum (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH; and
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% per annum and an allowance for 2020 data of 0% (ie w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2023 is nil. The movement in the Balance Sheet liability over 2022 and over 2023 is set out in the table below:

	2023 £	2022 £
Balance sheet liability at 1 January	-	143,565
Deficit contribution paid	-	(82,320)
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	(61,245)
Balance Sheet liability at 31 December	-	-

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

This liability represents the present value of the deficit contributions agreed as at the balance sheet date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2023 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a.	n/a.	0.0% p.a.
Price inflation	n/a.	n/a.	n/a.
Increase to total pensionable payroll	n/a.	n/a.	-1.5% p.a.

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

Lay

The TDBF participates in the Church Workers Pension Fund (CWPF) which 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.

Defined Benefits Scheme (DBS)

The TDBF participates in the DBS section of the CWPF for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers. The DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £26,166, 2022: £23,319), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £26,166 for 2023 (2022: credit of £82,183).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board having taken advice from the Actuary.

A valuation of the DBS is carried out once every three years. The most recently finalised valuation was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m.

The next valuation is due as at 31 December 2022. The calculations for this are underway.

Following the 2019 valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 45.2% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £38,046 per year were agreed for 4.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation as a liability within the Employer's financial statements as at 31 December 2023. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2023 £	2022 £
Balance sheet liability at 1 January	-	143,559
Deficit contribution paid	-	(38,057)
Interest cost (recognised in SoFA)	-	2,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	(107,502)
Balance Sheet liability at 31 December	-	-

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

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

	December 2023	December 2022	December 2021
Discount rate	N/A	0.00%	1.40%

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

Following consultation with the three employees for whom the TDBF are still contributing into the DBS scheme, it has been decided to close the TDBF section of the DBS scheme from 31 March 2024. The employees will move into the Pension Builder Scheme, see below.

Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the TDBF participates in the PBS section of the 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 PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The TDBF does not have any members in the Pension Builder 2014 scheme.

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending upon the investment returns and other factors.

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

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means 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 (2023: £145,492, 2022: £113,596).

A valuation of the Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019.

For the Pensions Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

29. Transactions with Trustees

The trustees derive no financial benefit for their services as trustees other than the re-imbursement of their out-of-pocket expenses. In 2023, 7 trustees were paid £16,153 (2022: 6 trustees £12,744).

The TDBF enters into transactions, on a regular basis, with other autonomous organisations within the Church of England e.g. parishes (including the Cathedral), the Archbishops' Council and the Church Commissioners. From time to time, certain trustees may serve on committees of other bodies, or on the General Synod. It is not considered appropriate to report the detail of such transactions since no individual or group of individuals so serving has any significant influence over any material transactions.

30. Funds held on behalf of others

The TDBF is custodian trustee for the following investment assets held on behalf of Parochial Church Councils in accordance with the Parochial Church Councils (Powers) Measure 1956.

	2023 £	2022 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	5,409,794	4,935,351
	5,614,994	5,140,551
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,582,902	2,497,493
	2,589,102	2,503,693

The TDBF also acts as custodian trustee in relation to PCC property. These assets are held separately to those of the TDBF.

The TDBF also administers Devolved Formula Capital (DFC) grants (DFC grants provide the diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the TDBF as their agent, the TDBF receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2023, the TDBF held £239,307 (2022: £248,918) in designated bank accounts separate from those of the TDBF.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

31. Prior year comparative SoFA

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Income and endowments from:				
Donations:				
Parish contributions	3,073,895	-	-	3,073,895
Archbishops' Council	922,686	1,023,098	-	1,945,784
Other	136,903	51,581	-	188,484
Charitable activities – statutory fees etc	259,772	-	-	259,772
Other activities	-	203,905	-	203,905
Investments	473,922	69,162	966,260	1,509,344
Other	36,379	-	43,392	79,771
Total	4,903,557	1,347,746	1,009,652	7,260,955
Expenditure on:				
Raising funds	137,039	-	165,582	302,621
Charitable activities	6,579,355	1,363,758	(61,245)	7,881,868
Other resources expended	-	-	-	-
Total	6,716,394	1,363,758	104,337	8,184,489
Net incoming resources before realised gains	(1,812,837)	(16,012)	905,315	(923,534)
Net gains on investment assets	(91,724)	(1,489,348)	(172,004)	(1,753,076)
Net incoming resources before transfers	(1,904,561)	(1,505,360)	733,311	(2,676,610)
Transfer between funds	1,932,539	(1,182,408)	(750,131)	-
Net income for the year	27,978	(2,687,768)	(16,820)	(2,676,610)
Unrealised gains on revaluation	1,180,654	-	3,283,511	4,464,165
Net movement in funds	1,208,632	(2,687,768)	3,266,691	1,787,555
Fund balances at 1 January 2022	15,910,033	13,570,708	84,267,541	113,748,282
Fund balances at 31 December 2022	17,118,665	10,882,940	87,534,232	115,535,837

THE TRURO DIOCESAN BOARD OF FINANCE LIMITED

England & Wales - Charity number 248330

Accounts

Company Registration No. 00049825
Charity No. 248330

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2022

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

"The God of all grace, who has called you to his eternal glory in Christ, will himself restore, support, strengthen, and establish you."

1 Peter 5.10

The trustees of the Truro Diocesan Board of Finance (TDBF) continue to trust in the God of all grace, who calls us, and who is faithful. We trust that God has given to God's church in Cornwall and the Isles of Scilly all the gifts that we need, that it is God who sustains and strengthens us, and that by the right use of diocesan assets we can share in God's mission.

We identify four key headlines in this report:

- firstly, the trustees remain committed to **supporting strategic change** through "On the Way" and "Next Steps On the Way", based on plans made locally in each deanery;
- secondly, income **contributed by parishes to the Mission and Ministry Fund (MMF)** failed to return to pre-pandemic levels, or to match commitments in deanery plans, although the persistent fall in MMF income over time does seem to have levelled out;
- thirdly, the overall **value of assets for which trustees are responsible** continued to perform strongly, even in very challenging economic conditions; and
- finally, the trustees continued to pursue a policy of **increasing direct support for parish ministry**.

Ongoing commitment to, and resourcing of, strategic change

Deanery plans describe the vision of local church leaders for the flourishing of the church in each place. All the deanery plans are now in place and have been approved by Episcopal College but progress to implementing those plans has been much slower than anticipated. The trustees remain committed to strategic change led through deanery planning and in 2022 continued to grow diocesan support for the implementation of those plans.

One key impact of the slower than expected implementation of plans has been delays to changes in patterns of ministry. At the end of 2022 we noted a larger than usual number of vacant clergy posts putting real pressure on local ministry in too many places. 2023 sees a record number of planned clergy appointments.

Part of the strategic change described in deanery plans has been to change the way that national "Lowest Income Communities Funding" (LICF) is used in the diocese. Using LICF for focussed support of mission and ministry in areas of deprivation remains a clear strategic aim.

MMF income

The budget for MMF contributions from parishes in 2022 was largely based on expectations described in deanery plans. Although the long term decline in MMF income seems to have levelled out, there was no "bounce back" to levels that matched commitments in the plans.

Whilst overall MMF contributions did not match the budget or levels described in deanery plans, the local picture was patchy with some deaneries and parishes performing far better than others.

Overall it is likely that the weak MMF income in 2022 was in part a consequence of planning uncertainty and delays in implementing the hoped for new patterns of ministry, along with an ongoing weakening of the local church following the pandemic which tended to accelerate earlier patterns of decline.

Value of assets

The Balance Sheet reveals that the overall value of the Board's assets remains strong and even in a difficult year has again increased. This increase, and the increase in value shown on the Balance Sheet over time, is largely a consequence of the continuing strength of domestic property values in Cornwall. Simply put, houses in Cornwall have increased in value significantly and the Board own or oversee 130 of them.

As well as strong property values, the Glebe estate has shown surprising resilience although the yield on the largely agricultural estate remains relatively low.

Compared to property and agricultural land values, the value of investments in 2022 was more significantly impacted by wider economic and political turmoil. The decision to disinvest from fossil fuel assets, a decision that the trustees continue to support, did mean that the Board did not benefit from the strong performance of the fossil fuel extraction sectors. However, our infrastructure investments, including renewable projects, helped with the overall performance of the portfolio.

Increased focus on support for parish ministry

In 2022, reserves, along with some external funding, were used to enable a focus on supporting parish ministry, it included:

- pushing down on the MMF call to provide stability for parishes;
- an increase in the level of stipend at, or above, the national average;
- energy cost grants and energy mission grants being paid to parishes; and
- resourcing of Church House based on deanery plans.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

This work continues in 2023.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2022.

The directors / trustees are one and the same and in signing as trustees they are also signing the directors' report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a directors' report of a charitable company; and
- a trustees' annual report under the Charities Act 2011.

Legal Objects

The overall objects of the TDBF are to promote the work of the Church of England in the Diocese of Truro and to act as a good steward of the resources entrusted to it.

The principal objects set out in the charitable company's Articles of Association are:

- to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Truro, and in particular to organise and provide funds in aid of the work of the Church including:
 - training for ministry;
 - maintenance and financial support and assistance of ministry;
 - provision of pensions for the clergy and for lay workers;
 - overseeing the various properties used by the wider church, including churches, church halls, clergy houses and other buildings;
 - providing religious education through Church of England schools and colleges as well as elsewhere; and
 - financing the diocesan and central organisation;

The Truro Diocesan Board of Finance has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 2020;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the charitable company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Truro (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

Vision, Aims and Objectives

The overarching vision in this diocese remains that of Discovering God's Kingdom, Growing the Church.

The Saints' Way is a theology and strategy of diocesan mission and ministry and it describes priorities and commitments for the diocese:

- celebrating children and young people;
- embracing an innovative and pioneering culture;
- confident in our calling;
- strong international links;
- rejoicing in the generosity of God;
- serve the poor; and
- care for the earth.

A Diocesan plan is in the process of being prepared which describes the priorities for the diocese in implementing the vision for a fruitful and sustainable future described in the deanery plans and in The Saints' Way. It will detail the interventions for change and renewal designed to bring fruitfulness and sustainability and will include the following:

- ministry planning for the next 5-10 years;
- implementation support for deanery plans;
- Rural Deans' support;

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Vision, Aims and Objectives (continued)

- School chaplaincy project;
- Church buildings; and
- Small churches strategy.

Activities and achievements during the year

Key strategic decisions taken by trustees in 2022 were:

- to align the governance and leadership of Transforming Mission, On the Way deanery planning, the use of LICF and large mission funding under one portfolio using the disciplines of project management. The decision led to the establishment of the Board for Change and Renewal with the Director role and staffing to support it;
- approval of work towards achieving Carbon Net Zero in the environment strategy;
- to establish a new Mission and Pastoral Committee;
- to approve consultation on and then implementation of the 2023 budget which increased support for parishes by protecting the 2023 MMF call from large inflationary pressures for three years as well as committing to a review of the MMF formula, with the change applying from 2026;
- to allocate financial support to parishes, clergy, and lay staff in response to energy cost inflation; and
- approval of proposals to move the base for Church House staff to the Old Cathedral School in Truro.

On the Way planning has successfully embedded the priorities from The Saints' Way into deanery and parish planning through the framework of fruitfulness and sustainability. Next Steps On the Way is the process for implementing the diocesan and deanery plans, at local levels this work is being carried out by Deanery Implementation Teams. This is a huge challenge with the level and pace of change being felt across the whole diocese. The Board for Change and Renewal which is monitoring this work meets regularly to help ensure risks are minimised.

As part of the On the Way work the deaneries explored how the Lowest Income Communities (LICF) funding can be used differently within the diocese to ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. This change is now being embedded as part of the implementation process.

The charitable company continued to support significant investment in Transforming Mission (TM) across five local projects.

Delays in some deanery plans being developed led to continued delays in the management of the housing stock which resulted in the level of surplus housing continuing to be unsustainably high (and reduced rental income). Now that all the deanery plans are in place and being implemented the property management is 'back on track' which includes various surplus properties being disposed of. The management also includes high level plans and costings for each property to enable the Carbon Net Zero ambition to be achieved. More detailed work is now being carried out to ensure the works are realistic from both planning and budgeting perspectives.

During 2022 work continued on reducing the costs of the shared services at Church House by £250k, the commitment made as part of the work on moving towards a balanced operating budget. A formal staff redundancy process was carried out which resulted in two posts being made redundant. The savings from this along with the other work carried out led to the budget savings being achieved. This is undoubtedly affecting the ongoing level of support the diocese can provide to parishes and every effort is being made to minimise the impact of this.

The provision of PCC energy grants and energy mission funding was achieved in late 2022, and has continued into 2023, in response to the energy cost crisis. In 2022 nearly £450k was distributed to more than 180 parishes, £269k of this was funded by the Archbishops Council with the remainder coming from TDBF reserves.

There had been a previous ambition to achieve a balanced operating budget for 2023 but with such complex finances the definition of what constitutes an operating budget kept changing and it was decided to focus on strong financial management alongside the commitment to use more of the TDBF's reserves to support the wider diocese. An Assets Strategy has been produced in late 2022 and describes how the priorities in The Saints Way and the Diocesan Plan for Change and Renewal will be turned into action. This details the commitment to use a significant amount of reserves to support the churches and people of the diocese.

Public benefit

The trustees believe that, by promoting the work of the Church of England in the Diocese of Truro, the TDBF helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Public benefit (continued)

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in the Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Truro Diocesan Board of Finance.

The Christian Presence

The charitable company endeavours to maintain a Christian presence in every community. Clergy form a central part in the life of churches in the Diocese of Truro and carry out important roles in communities.

While the Truro Diocesan Board of Finance is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the Truro Diocesan Board of Finance reimburses monthly for the costs of stipendiary clergy deployed in the diocese. Caring for the clergy, curates, readers, local worship leaders and local pastoral ministers in the diocese is a priority of the Truro Diocesan Board of Finance and ministry costs represent by far its largest financial commitment.

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry. There was a higher than usual level of vacancies at the end of 2022:

	<u>2022</u>	<u>2021</u>
Stipendiary priests	54	60
Self-supporting priests	10	12
'House for Duty' priests	6	4
Stipendiary curates	16	18
Self-supporting curates	15	11
Readers	88	101
Priests with Permission to Officiate (incl retired and non-retired)	148	143
Local Worship Leaders	260	255
Local Pastoral Ministers	223	246

Work with schools

The ambition for the Diocesan Board of Education (DBE) remains "becoming a significant partner for raising standards in schools in Cornwall and the Isles of Scilly" and the work of the education team with schools and multi academy trusts has continued to focus on this. The DBE does this work by promoting the Church of England's "Vision for Education". The ambition and the vision are for all schools in Cornwall, including, but not confined to, the 43 Church of England schools. We oversaw the closure of one Church of England school in the diocese, but work continues to re-open this site for education provision in a new and exciting way for the most vulnerable children and young people of our diocese.

Work focusses on the areas of leadership and governance and is broad, including the development of important relationships in system leadership in support of our schools. Funding has been made available for the professional development of teachers and school leaders through a range of support including post graduate Masters level study with Marjon University Cornwall and professional qualifications via the Church of England Foundation for Educational Leadership. Support has been given to teacher development in the delivery of high quality religious education and for the delivery of Understanding Christianity training for teachers from all schools across the diocese.

This year has seen secondments to the team leading on school facing work and network development. This has included support for head teachers and Early Career Teachers across the diocese and in providing extensive governance support and guidance. The Diocesan Director of Education (DDE) gives ongoing support and guidance to heads and trusts, as well as linking to resources from the national DDE network and lobbying as the voice of schools locally, regionally and nationally.

Volunteers

The diocese continues to remain heavily dependent on the huge number of people involved in church activities at parish, deanery and diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the TDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the diocese.

Plans for the future

At the heart of our planning is an enduring commitment to the parishes and churches of the diocese. We continue to support stipendiary ordained ministry as well as discerning and growing other patterns of service and mission.

The Diocesan Plan for Change and Renewal and the Assets Strategy will be the key strategic documents to ensure the assets of the TDBF are used as effectively as possible for the fruitfulness and sustainability of the wider diocese.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Financial Review

Financial performance

The SOFA for the year shows total income of £7,261k (2021: £6,856k) and total expenditure of £8,184k (2021: £7,527k), resulting in net expenditure of £923k (2021: £671k).

The increase in income of £405k is predominantly due to £312k more funding received from Archbishops' Council along with £71k higher investment income and £27k more MMF. Realised gains on disposal of assets of £80k was £79k higher than in 2021 but this was offset by lower income from other activities of £73k which is mainly due to reduced rent from Parsonage houses of £61k.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2022 this income increased by £27k to £3,074k (2021: £3,047k). The MMF collection rate marginally improved to 67.57%, from 66.69% in the previous year. This still represents the lowest contribution rate of all the dioceses in the Church of England.

Income from the Archbishops' Council represents the second largest source of income at £1,945k, nearly two thirds of the amount received from parishes in the form of MMF. The breakdown of the different funding streams received can be seen in note 3. In 2022 £269k was received to pass on to the parishes to assist with the energy cost challenges being faced.

Expenditure increased by £657k. This is mainly due to resourcing ministry costing £222k more in 2022 when compared to 2021, with support for ministry and mission costing £358k more and expenditure on education costing £87k more.

Within the resourcing ministry heading is the budget for property maintenance which was increased, and spent, in 2022, by £337k. This increase in spend was offset by a reduction in clergy pension contributions of £88k as the pension scheme became fully funded and contributions were reduced as no deficit element needs to be paid anymore. See note 28 for more information.

The increase in support for ministry and mission spend is due to an increase in grants of nearly £500k, which were paid to parishes and clergy mainly to assist with the increased energy costs. These grants were funded from the £269k received from the Archbishops' Council, previously referred to, with the remainder funded from TDBF reserves. This increase in spend was offset by a reduction in the provisions for loans of £130k.

The property market in Cornwall was strong again during 2022 which resulted in an 11.0% increase in the value of the property portfolio during the year. This equated to an unrealised gain of £4.5m.

This was offset in part by a decrease in the value of investments held with an unrealised loss of £2.1m, being made up of a £1.7m unrealised gain on glabe and a £3.8m unrealised loss on listed and unlisted investments.

This net gain resulted in the total fund balances again increasing from £113,748k to £115,536k.

Significant property transactions

In 2022 TDBF sold one property, which was surplus to requirements, for net proceeds of £462k and purchased one property for £543k.

The TDBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the diocese; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the church.

Work on this strategy will continue as the deanery plans are implemented as part of the Next Steps On the Way work.

Balance Sheet position

The net assets at the balance sheet date totalled £115,536k (2021: £113,748k). This includes properties totalling £62,882k (2021: £58,207k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the TDBF.

The Trustees are satisfied that the TDBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

Reserves Policy

Free reserves

Taking into account the continuing level of change in housing, MMF contribution levels, projected operating results and our commitment to the diocesan strategy, the Trustees' policy is to hold the following reserves:

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Trustees' Annual Report

For the year ended 31 December 2022

Reserves Policy (continued)

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,100k	1,100k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	13,280	-	13,280k
Diocesan Pastoral Account - Benefice Accounts	-	-	3,300k	3,300k
Total	1,700k	13,280k	4,600k	19,580k

As at 31 December 2022 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2021: £1,700k), as per the table above. Actual free reserves as at 31 December 2022 amounted to £1,544k (2021: £1,924k) which is slightly below the target amount. This is being monitored and is expected to increase above the target level as surplus Board properties are sold in 2023.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 24. At 31 December 2022 total designated reserves were £15,006k (2021: £13,986k).

Restricted and endowment funds

As set out in note 24 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022 restricted funds totalled £10,883k (2021: £13,571k) and endowment funds totalled £88,102 (2021: £84,268). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £3,311k (2021: £4,033k).

Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the TDBF's income comes from other charitable entities. The TDBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2022.

Investment policies

Under the Articles of Association, the charitable company has the power to make any investment which the Trustees see fit. The Investment Management Committee oversees the management of the charitable company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the investments shall be administered and was updated in January 2023.

It is expected that an ethical approach is adopted at all times: broadly this encompasses the objectives of The Church of England's Ethical Investment Advisory Group, the Diocesan Environmental Policy and more recently the Church's objective of 'net zero' by 2030. The overriding objective is to support the mission of the Church in the diocese through a portfolio that aligns strongly with the diocesan and wider Church's Ethical, Social and Governance (ESG) values. The priorities are the maintenance of capital in real terms, together with a sustainable and growing level of distributions. The investments are to be managed on a total return basis. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale, as well as to keep pace with inflation. Other asset classes are included to moderate risk and protect income flows.

The Committee continues to believe that it is prudent to rely on external fund managers (particularly CCLA) in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Investment policies (continued)

of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Investment Management Committee is permitted to consider all authorised managers and types of fund, subject to appropriate due diligence.

There were no changes to the portfolio during the year. Inevitably the investments were affected by the difficulties that confronted all global markets. There were no obvious shelters available other than to re-engage with the fossil fuel sector and that was considered not to be an option as it would go against the investment policy.

At present it is estimated that just over 10% of the portfolio is invested in renewable funds or projects. During the year a process started to try and calculate the carbon footprint of the TDBF portfolio. It has proved quite challenging to obtain data and work continues so that progress to Net Zero 2030 can be monitored.

CCLA, one of the external fund managers, offers the Supporting Church Investors scheme which the Committee took advantage of in 2022. This involved CCLA reviewing the investments assets held by the TDBF, along with the other assets held, to report on whether they considered the TDBF to be well diversified and therefore enabling the best return on the assets. No changes to the portfolio were recommended. CCLA did however recommend that an alternative benchmark, ARC Steady Growth Index, is used as it is considered to be more suitable to the TDBF portfolio. This will be adopted for 2023. The report also included a reminder that CCLA are supportive of the Church's ambition to achieve net zero operational emissions by 2023, but they do not believe it is currently achievable or desirable for investment portfolios. They encourage the TDBF to join the National Investment Bodies in their ambition to hit Net Zero portfolio emissions no later than 2050.

Investments are held in two of the CBF Church of England Funds, representing 62.7% of the total value of the charitable company's investments of £29,238k (excluding Glebe) at 31 December 2022. The remaining 37.3% are held in listed investments (see note 19).

The Investment Management Committee has adopted an Industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The benchmark fell by 10.19% in capital terms in 2022 and the TDBF's combined portfolio (excluding glebe investments) fell by 11.6% in the same period. The yield on the portfolio was 3.2%.

The Committee continue to believe that the 'responsible', ESG aligned approach being adopted remains appropriate. The managers continue to focus on companies and sectors where there are good prospects for the medium to long term, whilst ensuring a dependable income flow in the short term. The Committee believe the portfolio is well positioned to benefit when the current trends are reversed and a less febrile environment returns.

The Bishop's Diocesan Council consider these investment returns to be satisfactory and is comfortable with the asset allocation of the portfolio.

Total Returns

On 28 March 2018, the TDBF, as the sole trustee of the Diocese of Truro Stipends Fund Capital Account (SCA), made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the SCA permanent endowment fund. On 28 March 2018, the TDBF identified the value of the gifts of permanent endowment as at 31 December 1999, the earliest date with reliable valuations. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 28 March 2018 and the inflation-indexed baseline value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the TDBF to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the TDBF to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The TDBF decided to make a transfer from unapplied total return to unrestricted income funds in both 2021 and 2022. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the Bishop's Diocesan Council referred to analysis prepared by Mike Sturgess, Chair of the TDBF, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2022 is indicated in note 12.

The Funds for Mission panel consider grant applications under £5,000 and the Senior Leadership Team consider applications above this level.

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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For the year ended 31 December 2022

Grant making policy (continued)

Grants are paid to other charitable projects which appear to the TDBF to support the furtherance of the charitable company's objects.

Principal risks and uncertainties

The Bishop's Diocesan Council is responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Bishop's Diocesan Council on a regular basis, with the responsibility for delivery of the mitigation strategies identified being delegated to the Finance, Assets and Risk (FAR) Committee and the Diocesan Secretary.

The risk managers meet quarterly to discuss the ongoing development of the process and each register is reviewed in detail by the FAR Committee annually on a rotating schedule.

The risk register identifies the following high risk areas where the residual likelihood of the risk occurring is 'likely or almost certain' and the residual impact of the events is considered 'major or critical'. These areas and the associated mitigation strategies are:

- Finance: MMF income insufficient to meet financial commitments.
 - monthly monitoring by Finance department ;
 - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry;
 - the Next Steps On the Way process works with deaneries to enable fruitfulness and sustainability for parishes;
 - annual budgeting;
 - effective use of reserves, for example funds released by the Total Returns mechanism;
 - prudent reserves policy, which is reviewed annually;
 - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme;
 - liaising closely with Church Commissioners and other national bodies about national strategy; and
 - The Saints Way to lead the vision for the diocese.
- Ministry: transitions not completed effectively and efficiently.
 - well trained Transitions Advisers allocated to work with Archdeacons, Rural Deans and local leaders to support development of future vision and plans for benefice;
 - support provided to parishes with drafting Profile, and with recruitment process; and
 - follow up with new clergy and parish team following appointment to gain feedback to improve service.
- Property: funding constraints. MMF and rental income falls placing considerable constraint on property budget which impacts on property services.
 - budget and expenditure monitoring by Finance Department with monthly review at Property Management Committee; and
 - formal decision making process and financial regulations providing a control over spending.
- Safeguarding: failure to safeguard, care and nurture children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
 - implementation of national and local policies and practice guidance;
 - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;
 - Diocesan Safeguarding Team in place to provide support, guidance and training;
 - interim control measures required during Covid-19, increased guidance and advice to PCC's; and
 - training available to PCC's that aligns with national guidance, delivered by a network of volunteer trainers and the Diocesan Safeguarding trainer and with a formal reporting structure.
- Safeguarding: non-compliant management of data including paper and electronic files, storage and sharing.
 - Paper files locked in secure filing cabinet;
 - Computers encrypted;
 - Electronic case files held in secure separate drive on server;
 - Data sharing protocols in place;
 - Staff trained in data protection practice and up to date with regulations; and
 - Separate office for safeguarding staff.
- TM people: staff resignations.
 - Monthly meetings between TM Project Manager and Director and TM leads.
- Next Steps On the Way: insufficient central resource to cope with the significant changes within deaneries.
 - Monitored by Programme Board for Change and Renewal; and
 - Director of Change and Renewal and supporting team now in place to help with the changes.

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Structure and Governance

Summary Information about the Structure of the Church of England

The Diocese of Truro is part of the wider Church of England, and any description of the governance structure of the Truro Diocese and the Truro Diocesan Board of Finance must be set within the context of the structure of the Church of England itself.

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in England.

Each diocese in England is divided into benefices, which comprises a number of parishes, although some larger parishes can be a benefice in their own right. Each benefice is overseen by a priest (usually called a vicar, rector or priest in charge). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish. Benefices are also grouped together into deaneries, with there being twelve deaneries in the Diocese of Truro.

His Majesty the King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are about 120 bishops, including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice a year to consider legislation for the broader good of the Church.

The National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority, to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese of Truro

The statutory governing body of the diocese is the Diocesan Synod. It consists of the House of Bishops, the House of Clergy and the House of Laity, with broadly equal numbers of clergy and lay people providing representation across the diocese. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop when requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

The Diocese of Truro was created in 1877. It covers the whole of the county of Cornwall and the Isles of Scilly, plus two churches in Devon.

Archdeaconries, Deaneries, Benefices and Parishes

The whole of the diocese is divided into parishes which for administrative and governance purposes is generally the smallest pastoral area in the Church of England. Typically, each parish has one parish church. In total there are 214 parishes in the diocese.

The ecclesiastical parish is governed by a Parochial Church Council or PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from

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For the year ended 31 December 2022

Archdeacons, Deaneries, Benefices and Parishes (continued)

registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation in the parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. The Diocese of Truro has two archdeaconries, each with six deaneries, the archdeaconry of Cornwall in the west, and of Bodmin in the east of the diocese.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the two archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

There are 12 deaneries in the diocese, each with its own Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and the role of the synods is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- allocate the deanery MMF call between their parishes and report the allocation back to the Board; and
- develop a deanery plan for the mission of the Church in the deanery.

Diocesan Governance

The diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the diocese. Membership consists of 14 ex officio members, including the Bishops and Archdeacons, 48 clergy members elected by the houses of clergy in Deanery Synods, 45 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

The Truro Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the diocese. It was incorporated on 23 October 1896 as a charitable company limited by guarantee (No. 00049825) and its governing documents are the Articles of Association. The charitable company is registered with the Charity Commission (No. 248330).

Every member of Diocesan Synod is a member of the charitable company, for company law purposes, and has a personal liability limited to £10 under their guarantee as company members in the event of its being wound up. The Bishop's Diocesan Council consists of the members of the Bishop's Council and Standing Committee who are also the trustees of the charitable company under law.

Bishop's Diocesan Council

Diocesan Synod has delegated the following functions to the Bishop's Council and Standing Committee, via the Bishop's Diocesan Council:

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the diocese;
- preparation of annual estimates of expenditure;
- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

The charitable company has responsibility for the day-to-day financial management of the diocese.

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Bishop's Diocesan Council (continued)

Also within the responsibility of the Bishop's Diocesan Council are the following statutory committees:

- Parsonages Board, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses and houses owned by the charitable company.
- Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends fund of the diocese.
- Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England.

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on pages 13 and 14. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the charitable company for the purposes of company law.

All elected members of the Bishop's Diocesan Council may serve for a maximum of six years before standing down for at least one year, but may stand for re-election thereafter.

The Bishop's Diocesan Council's responsibilities

The Bishop's Diocesan Council, as the body of trustees / directors, is responsible for preparing the Trustees' Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Bishop's Diocesan Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Bishop's Diocesan Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Bishop's Diocesan Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Bishop's Diocesan Council is responsible for the maintenance and integrity of the corporate and financial information included in the Diocese of Truro's website.

Statement of disclosure to auditor

So far as each member of the Bishop's Diocesan Council is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and each member of the Bishop's Diocesan Council has taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Finance, Assets and Risk Committee

The trustees of the charitable company have formed a committee consisting of the Chair of the Truro Diocesan Board of Finance, members of the BDC, and members co-opted on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

Trustees are recruited through a mixture of ex-officio positions, elections and nominations.

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and risk management. Further development resources are

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Trustee recruitment, selection, induction and training (continued)

made available through the life of the triennium. There is also a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

Delegation of day to day delivery

The Bishop's Diocesan Council and the Finance, Assets and Risk Committee rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the charitable company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Truro Diocesan Board of Finance in accordance with the policies framed by the Trustees.

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Remuneration Committee, under delegated authority from the Bishop's Diocesan Council. The Committee obtains reliable up-to date information about remuneration in other organisations of comparable scale and nature.

Funds held as Custodian Trustee

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £4.9m at 31 December 2022 (2021: £5.5m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 30. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

The Board of Education is a statutory committee within the Truro Diocesan Board of Finance. Under the Diocesan Board of Education Measure 2020, it is required:

- to promote or assist in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England.
 - The Board therefore has a vision of education that derives from the Christian faith;
 - Its responsibilities extend to the whole of the diocese, and not just within church schools;
 - Indeed, its responsibilities apply to more than just schools and includes adult education;
- to promote or assist in the promotion of religious education and religious worship in schools in the diocese;
 - Again, this applies to the whole of the diocese, and not just to church schools;
- to promote or assist in the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese;
- to promote cooperation between the Board of Education and those concerned on any matter affecting church schools in the diocese.

The charitable company administers Devolved Formula Capital (DFC) grants for the diocese's church schools. At 31 December 2022, it held £248,918 (2021: £194,412) in designated bank accounts separate from those of the charitable company.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The charitable company has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners and are therefore not reflected in these financial statements.

Parochial Church Councils (PCCs)

The charitable company is required by Measure to be custodian trustee in relation to PCC property, but it has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the charitable company and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

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Trustees' Annual Report

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The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity. Copies of its trustees' report and financial statements may be obtained from The Cathedral Office, The Old Cathedral School, Cathedral Close, Truro, TR1 2FQ.

Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund – a registered charity which provides financial support to clergy or their dependents in particular financial need. Specifically, support may be provided to the spouse or the dependants of deceased clergy; to retired clergy or their dependants; or to the spouse or dependants of clergy from whom the spouse is separated or divorced.

Pensions

Stipendiary clergy, and the charitable company's lay staff who joined the charitable company before 1 February 2010, are members of the Church of England Funded Pensions Scheme and the Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund, respectively. Both schemes provide defined retirement benefits and both are non-contributory except for lay staff who have joined the charitable company since 1 April 2004 who can have additional matching contributions up to 6% of their pensionable salaries if they make contributions.

On 1 February 2010, the charitable company closed its Defined Benefits Scheme to new lay staff who are instead eligible to join the Pension Builder Scheme (previously known as the Defined Contributions Scheme (DCS)), part of the Church Workers Pension Fund. This scheme is contributory and provides limited pension guarantees.

Further details about these schemes are contained in note 28 to the financial statements.

Appointment of solicitors

A resolution to reappoint Veale Wasbrough Wizards LLP as solicitors to the charitable company will be proposed at the Annual General Meeting.

Appointment of auditors

A resolution to reappoint Haysmacintyre LLP as auditors to the charitable company will be proposed at the Annual General Meeting.

Administrative Information

Members of the Bishop's Diocesan Council

The Members of the Bishop's Diocesan Council (who are the trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law)) who served during the year and who were members at the date of this report were as follows:

Chairman (ex officio)	The Rt. Revd. P I Mounstephen
Chairman of the Truro Diocesan Board of Finance (elected by the Members)	Mr M J Sturgess
Ex officio	The Rt. Revd. H Nelson The Very Revd. R C Bush (The Dean) (resigned 23 September 2022) The Revd. S Robinson (The Interim Dean) (appointed 8 December 2022) The Ven. P D Bryer (Archdeacon of Cornwall) The Ven. K A Betteridge (Archdeacon of Bodmin)

Elected by the relevant Houses of Diocesan Synod

Chair of the House of Clergy	The Revd. C C McQuillen Wright
Chair of the House of Laity	Lay Canon Mr R J Perry

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall	The Revd. B R Morgan Lundie (resigned 11 April 2022) Mr A P Hicks
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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Archdeaconry of Bodmin

The Revd. P R Holley
The Revd. R J Terry
The Revd. J W Foot (appointed 8 December 2022)

Mr R B Smith (appointed 8 December 2022)

Bishop's Appointments

Mrs C E Irwin
Dr A G Thompson
The Revd. T Folland
The Revd. S Morgan
Mrs A Corbett

Company Secretary

The Revd. Canon S Cade

Registered Office

Church House
Woodlands Court
Truro Business Park
Threemilestone
Truro
TR4 9NH

Telephone

01872-274351

Email address

info@truro.anglican.org

Website

www.trurodiocese.org.uk

Company registration number

00049825 (England and Wales)

Charity registration number

248330

Diocesan registrar

Mr J Moule, Narrow Quay House, Narrow Quay, Bristol

Solicitors

Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol

Auditors

Haysmacintyre LLP, 10 Queen Street Place, London

Bankers

National Westminster Bank PLC, St Nicholas Street, Truro

Insurers

Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester

NFU Mutual, Tiddington Road, Stratford upon Avon, Warwickshire

Investment managers

CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London

Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London

Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London

Cazenove Capital, 1 London Wall Place, London

Glebe estate manager

Savills, Lemon Street, Truro

Property manager

Savills, Lemon Street, Truro

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2022

Approval of this combined report

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by s.415A of the Companies Act 2006.

This report was approved by the Bishop's Diocesan Council on 26 April 2023 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman

Church House
Woodlands Court
Truro Business Park
Threemilestone
Truro
TR4 9NH

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 11), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- challenging assumptions and judgements made by management in their critical accounting estimates;
- testing transfers between funds; and
- performing cut-off testing in respect of revenue.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 11 May 2023

10 Queen Street Place
London
EC4R 1AG

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

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Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
26 April 2023

10 Queen Street Place
London
EC4R 1AG

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Statement of Financial Activities

For the year ended 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2022 £	2021 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,073,895	-	-	3,073,895	3,047,015
Archbishops' Council		922,686	1,023,098	-	1,945,784	1,633,783
Other		136,903	51,581	-	188,484	192,415
Charitable activities – statutory fees		259,772	-	-	259,772	266,471
Other activities	4	-	203,905	-	203,905	276,726
Investments	5	473,922	69,162	966,260	1,509,344	1,437,549
Other	6	36,379	-	43,392	79,771	1,437
Total		4,903,557	1,347,746	1,009,652	7,260,955	6,855,396
Expenditure on:						
Raising funds	7	137,039	-	165,582	302,621	299,188
Charitable activities	8	6,579,355	1,363,758	(61,245)	7,881,868	7,227,536
Other resources expended	9	-	-	-	-	-
Total		6,716,394	1,363,758	104,337	8,184,489	7,526,724
Net incoming / (outgoing) resources before realised gains / (losses)		(1,812,837)	(16,012)	905,315	(923,534)	(671,328)
Net (losses) / gains on investment assets		(91,724)	(1,489,348)	(172,004)	(1,753,076)	5,840,699
Net incoming / (outgoing) resources before transfers		(1,904,561)	(1,505,360)	733,311	(2,676,610)	5,169,371
Transfer between funds	13	1,932,539	(1,182,408)	(750,131)	-	-
Net income for the year		27,978	(2,687,768)	(16,820)	(2,676,610)	5,169,371
Unrealised gains on revaluation	14	1,180,654	-	3,283,511	4,464,165	7,304,980
Net movement in funds	15	1,208,632	(2,687,768)	3,266,691	1,787,555	12,474,351
Fund balances at 1 January 2022		15,910,033	13,570,708	84,267,541	113,748,282	101,273,931
Fund balances at 31 December 2022		17,118,665	10,882,940	87,534,232	115,535,837	113,748,282

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Income and Expenditure Account,

For the year ended 31 December 2022

	2021 £	2021 £
Total incoming resources	6,251,303	5,988,724
Resources expended	(8,080,152)	(7,358,576)
Operating deficit for the year	(1,828,849)	(1,369,852)
Net (losses) / gains on investments	(1,581,072)	1,704,372
Net (expenditure) / income for the year	(3,409,921)	334,520
Other comprehensive income		
Revaluation of fixed assets	1,180,654	1,673,000
Net assets transferred to / (from) endowments	750,131	(81,123)
Total comprehensive (expenditure) / income	(1,479,136)	1,926,397

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Balance Sheet at 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	18	62,892,983	58,227,221
Investments	19	48,183,050	50,519,639
		<u>111,076,033</u>	<u>108,746,860</u>
Current assets			
Debtors	20	1,025,922	857,131
Cash at bank and in hand	21	4,348,303	5,373,572
		<u>5,374,225</u>	<u>6,230,703</u>
Creditors: amounts falling due within one year			
Other creditors	22	914,421	1,122,157
		<u>4,459,804</u>	<u>5,108,546</u>
Net current assets			
Total assets less current liabilities		115,535,837	113,855,406
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	28	-	107,124
Net assets		<u>115,535,837</u>	<u>113,748,282</u>
Funds employed			
Unrestricted funds		17,118,665	15,910,033
Restricted funds		10,882,940	13,570,708
Expendable endowment			
Parsonage Houses Fund		48,674,473	45,297,023
Permanent endowments			
Stipends Fund Capital Account		38,859,759	38,970,518
Total endowments		<u>87,534,232</u>	<u>84,267,541</u>
Total funds employed	24.4	<u>115,535,837</u>	<u>113,748,282</u>
The revaluation reserve included in the above funds is:	25	<u>39,907,977</u>	<u>35,527,742</u>

The cash flow statement on page 22 and the notes on pages 23 to 55 form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 26 April 2023 and signed on its behalf by:

M Sturgess
Chairman



Company Registration No. 00049825

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Cash Flow Statement

For the year ended 31 December 2022

	2022	2021
	£	£
Net cash outflow from operating activities	(2,472,739)	(1,814,554)
Cash flows from investing activities		
Dividends, interest and rent from investments	995,352	899,730
Proceeds from the sale of:		
Tangible fixed assets	505,272	1,437
Fixed asset investments	600,565	12,534,770
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(636,667)	(104,660)
Fixed asset investments	(17,052)	(11,849,493)
Net cash provided by investing activities	1,447,470	1,481,784
Change in cash and cash equivalents in the reporting period	(1,025,269)	(332,770)
Cash and cash equivalents at 1 January 2022	5,373,572	5,706,342
Cash and cash equivalents at 31 December 2022	4,348,303	5,373,572
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December 2022	1,787,554	12,474,352
Adjustments for:		
Depreciation charges	9,570	9,743
Dividends, interest and rent from investments	(995,353)	(899,730)
Interest paid	-	-
Profit on sale of functional assets	(79,771)	(1,437)
Gains on investments and revaluation of fixed assets	(2,711,089)	(13,145,679)
Increase in loans to parishes	19,500	(50,343)
Decrease/(increase) in debtors	(188,291)	22,738
Increase in creditors	(27,735)	46,317
Defined benefit pension costs less contributions payable	(289,124)	(271,515)
Defined benefit pension finance costs	2,000	1,000
Net cash (used in) operating activities	(2,472,739)	(1,814,554)
Analysis of cash and cash equivalents		
Cash in hand	4,348,303	5,373,572

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

1. Constitution

The charitable company is incorporated, in England and Wales (Company Registration Number 00049825), as limited by guarantee under the Companies Act 2006. The Registered office is Church House, Woodlands Court, Truro Business Park, Threemilestone, Truro, TR4 9NH. In the event of winding up, up to the permitted maximum 114 members of the charitable company are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the charitable company and the costs, charges and expenses of winding up. At the year end there were 82 members.

2. Principal accounting policies

The charity meets the definition of a Public Benefit Entity in accordance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and investments (held as fixed assets), which are included at their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities* (Second Edition, effective 1 January 2019, applicable accounting standards (FRS 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland*) and the Companies Act 2006.

The financial statements have been prepared in UK sterling currency and rounded to the nearest £1.

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the charitable company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the charitable company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

All income is included in the Statement of Financial Activities (SoFA) when the charitable company is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income in the year in respect of which it is received.

Rents receivable is recognised as income in the period with respect to which it relates.

Interest and dividends are recognised as income when receivable.

Grants received which are subject to pre-conditions for entitlement specified by the donor which have not yet been met at the year-end are included in creditors to be carried forward to the following year.

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

Gains on disposal of fixed assets for the charitable company's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

(b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SoFA category.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(b) Expenditure (continued)

Charitable expenditure is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the diocese.

Grants payable are charged to the SoFA in the year when the offer is conveyed to the recipient except those in cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the charitable company, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grants offered subject to such conditions which have not yet been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House.

Employee benefits. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 28).

Deficit funding for the pension schemes to which the charitable company participates is accrued at current value in creditors, separated between contributions falling due within one year and more than one year.

(c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value in the financial statements. The charitable company has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repairs of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are carried out to ensure that the carrying value is not less than the recoverable amount in accordance with FRS 102.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The charitable company has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The charitable company is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Diocesan Council therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value.

School properties

Aided schools are the subject either of Trusts for which the charitable company acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the dioceses. Accordingly, school properties are not included in these financial statements.

The distribution of the proceeds from the sale of a redundant school may depend on an order of the Department for Education or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the charitable company in trust. When approval for distribution is eventually granted, the charitable company's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

Churches closed for public worship are not included in these financial statements because, in the opinion of Bishop's Diocesan Council, they are of negligible value. If a situation arises whereby a church is likely to be an asset rather than a liability, then it will be brought into the financial statements at the appropriate time.

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33¹/₃% on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.

Listed investments are UK listed company shares and are valued at their quoted bid price.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued every 5 years to establish fair value. The last revaluation took place as at 31 December 2020. In the intervening years, the Bishops' Diocesan Council adjust the market value for additions and disposals and such professional advice that may be received if this is material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured as the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 19.

Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount due with the carrying value adjusted to reflect repayments made in subsequent periods.

(e) Other accounting policies

Leasing

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

(f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted income funds and capital endowment funds.

Unrestricted funds are freely available for any purpose within the charitable company's objects. They include funds which have been set aside by the Bishops' Diocesan Council out of the General Fund for designated purposes.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(f) Fund balances (continued)

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the charitable company, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment. The Bishop's Diocesan Council has adopted a policy of Total Return in respect of the permanent endowment in line with section 5A of the Diocesan Stipends Funds Measure 1953.

Details of the major funds are given in note 24.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the charitable company acts as trustee and controls the management and use of the funds, are included in the charitable company's own financial statements as charity branches. Trusts where the charitable company acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

(g) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of any pension liability.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Current year call	4,549,440	-	-	4,549,440
Shortfall in contributions	(1,525,042)	-	-	(1,525,042)
	<u>3,024,398</u>	<u>-</u>	<u>-</u>	<u>3,024,398</u>
Receipts for previous year	49,497	-	-	49,497
	<u>3,073,895</u>	<u>-</u>	<u>-</u>	<u>3,073,895</u>

Current year MMF receipts represent 66.48% of the total call (2021: 65.76%) or, when receipts for previous years are included, 67.57% of the total call (2021: 66.69%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Selective allocations	880,221	-	-	880,221
Contribution to registrar's retainer	42,465	-	-	42,465
Strategic Development Funding (SDF) – Falmouth	-	152,001	-	152,001
Strategic Development Funding (SDF) – Phase 2	-	225,499	-	225,499
RME	-	87,703	-	87,703
Generous Giving Funding	-	46,933	-	46,933
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	14,870	-	14,870
Strategic Ministry Funding (SMF)	-	117,494	-	117,494
Lambeth Palace Conference	-	-	-	-
Strategic Capacity Funding (SCF) – On the Way	-	32,340	-	32,340
Transition Funding	-	33,108	-	33,108
Energy cost grants	-	269,000	-	269,000
Clergy hardship grants	-	34,150	-	34,150
Archbishops mission grant	-	10,000	-	10,000
	<u>922,686</u>	<u>1,023,098</u>	<u>-</u>	<u>1,945,784</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Benefact Trust (previously AllChurches Trust)	104,000	-	-	104,000
Coronavirus Job Retention Grant	-	-	-	-
Contribution towards church schools:				
Department for Education	-	47,872	-	47,872
Donations from individuals	22,233	3,709	-	25,942
Other contributions	10,670	-	-	10,670
	<u>136,903</u>	<u>51,581</u>	<u>-</u>	<u>188,484</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2021

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Current year call	4,569,276	-	-	4,569,276
Shortfall in contributions	(1,564,367)	-	-	(1,564,367)
	3,004,909	-	-	3,004,909
Receipts for previous year	42,106	-	-	42,106
	3,047,015	-	-	3,047,015

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Selective allocations	861,464	-	-	861,464
Contribution to registrar's retainer	44,704	-	-	44,704
Strategic Development Funding (SDF) – Falmouth	-	177,989	-	177,989
Strategic Development Funding (SDF) – Phase 2	-	257,201	-	257,201
RME	-	103,442	-	103,442
Generous Giving Funding	-	44,096	-	44,096
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	-	-	-
Strategic Ministry Funding (SMF)	-	102,593	-	102,593
Lambeth Palace Conference	-	(900)	-	(900)
Strategic Capacity Funding (SCF) – On the Way	-	43,194	-	43,194
Transition Funding	-	-	-	-
Energy cost grants	-	-	-	-
Clergy hardship grants	-	-	-	-
Archbishops mission grant	-	-	-	-
	906,168	727,615	-	1,633,783

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
AllChurches Trust (now Benefact Trust)	102,250	-	-	102,250
Coronavirus Job Retention Grant	-	23,091	-	23,091
Contribution towards church schools: Department for Education	-	47,205	-	47,205
Donations from individuals	4,570	4,504	-	9,074
Other contributions	10,795	-	-	10,795
	117,615	74,800	-	192,415

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Rents from Parsonage houses	-	193,905	-	193,905
Recoverable costs	-	10,000	-	10,000
	-	203,905	-	203,905

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Rents from Parsonage houses	-	255,237	-	255,237
Recoverable costs	-	21,489	-	21,489
	-	276,726	-	276,726

5. Investment income

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Dividends and interest	358,007	32,716	604,630	995,353
Rents:				
Board properties	115,915	-	-	115,915
Glebe estate	-	-	361,630	361,630
Redundant schools	-	36,446	-	36,446
	473,922	69,162	966,260	1,509,344

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Dividends and interest	395,819	22,368	481,543	899,730
Rents:				
Board properties	116,255	-	-	116,255
Glebe estate	-	-	385,118	385,118
Redundant schools	-	36,446	-	36,446
	512,074	58,814	866,661	1,437,549

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Realised gains on disposal of assets for the charity's own use	36,379	-	43,392	79,771

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised gains on disposal of assets for the charity's own use	1,426	-	11	1,437

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Glebe: Outgoings	-	-	114,868	114,868
Management charges	-	-	50,714	50,714
Pension scheme interest	2,000	-	-	2,000
Let vacant parsonages (management charges)	189	-	-	189
Central support costs	134,850	-	-	134,850
	137,039	-	165,582	302,621

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Glebe: Outgoings	-	-	116,377	116,377
Management charges	-	-	51,771	51,771
Pension scheme interest	1,000	-	-	1,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	129,347	-	-	129,347
	131,040	-	168,148	299,188

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Contributions to Archbishops' Council				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	96,483	-	-	96,483
Grants and provisions	13,293	-	-	13,293
Mission Agency pension contributions	6,579	-	-	6,579
Retired clergy housing costs (CHARM)	59,422	-	-	59,422
	333,306	-	-	333,306
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,061,851	117,494	(61,245)	2,118,100
Pension contributions	606,025	-	-	606,025
Clergy salary	8,994	-	-	8,994
Clergy settlements	33,806	-	-	33,806
Home/parish mileage	8,950	-	-	8,950
Sundry clergy related costs	24,469	-	-	24,469
Housing costs	1,320,516	-	-	1,320,516
Property management charges	145,462	-	-	145,462
Resettlement and associated costs	85,443	-	-	85,443
Other payments (including training)	233,778	-	-	233,778
Central support costs	181,438	-	-	181,438
	4,710,732	117,494	(61,245)	4,766,981
Support for ministry and mission				
Mission Fund grants	218,086	330,123	-	548,209
Diocesan support for ordinands in training	118,487	92,315	-	210,802
Training and development	37,178	-	-	37,178
DMPC functions	145,383	-	-	145,383
Specialist ministries	30,360	21,867	-	52,227
Safeguarding	144,241	-	-	144,241
Social Responsibility	21,309	-	-	21,309
Diocesan Advisory Committee	34,403	-	-	34,403
Chancellor's and Registrar's retainers	50,403	-	-	50,403
Faculty fees	11,542	-	-	11,542
Communications	52,473	-	-	52,473
Closed church expenditure	-	37,563	-	37,563
General Synod members' expenses	5,877	-	-	5,877
Central support costs	409,463	-	-	409,463
Lay staff cost of living payments	36,854	-	-	36,854
Movement in lay pension scheme deficit	(107,502)	-	-	(107,502)
Generous Giving Advisors	-	46,933	-	46,933
On the Way	-	80,318	-	80,318
Bad debt provision	20,000	-	-	20,000
Transforming Mission (TM) – Falmouth	81,896	152,391	-	234,287
Transforming Mission (TM) – Phase 2	150,528	225,792	-	376,320
	1,460,981	987,302	-	2,448,283
Expenditure on Education				
Support for church schools and parishes	74,336	258,962	-	333,298
	6,579,355	1,363,758	(61,245)	7,881,868

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Contributions to Archbishops' Council				
Training for Ministry	157,583	-	-	157,583
National Church responsibilities	110,078	-	-	110,078
Grants and provisions	13,460	-	-	13,460
Mission Agency pension contributions	7,055	-	-	7,055
Retired clergy housing costs (CHARM)	57,973	-	-	57,973
	346,149	-	-	346,149
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,149,318	102,593	-	2,251,911
Pension contributions	633,205	-	-	633,205
Clergy salary	-	-	-	-
Clergy settlements	18,627	-	-	18,627
Home/parish mileage	8,110	-	-	8,110
Sundry clergy related costs	17,412	-	-	17,412
Housing costs	983,800	-	-	983,800
Property management charges	140,688	-	-	140,688
Resettlement and associated costs	78,100	-	-	78,100
Other payments (including training)	239,238	-	-	239,238
Central support costs	174,363	-	-	174,363
	4,442,861	102,593	-	4,545,454
Support for ministry and mission				
Mission Fund grants	56,544	-	-	56,544
Diocesan support for ordinands in training	74,216	89,972	-	164,188
Training and development	107,838	523	-	108,361
DMPC functions	145,401	-	-	145,401
Specialist ministries	28,396	20,197	-	48,593
Safeguarding	120,985	-	-	120,985
Social Responsibility	23,236	-	-	23,236
Diocesan Advisory Committee	32,331	-	-	32,331
Chancellor's and Registrar's retainers	39,698	-	-	39,698
Faculty fees	11,570	-	-	11,570
Communications	56,929	-	-	56,929
Closed church expenditure	-	27,915	-	27,915
General Synod members' expenses	3,692	-	-	3,692
Central support costs	393,743	-	-	393,743
Lay staff cost of living payments	-	-	-	-
Movement in lay pension scheme deficit	(89,000)	-	-	(89,000)
Generous Giving Advisors	-	44,096	-	44,096
On the Way	-	43,194	-	43,194
Bad debt provision	150,000	-	-	150,000
Transforming Mission (TM) – Falmouth	81,848	190,417	-	272,265
Transforming Mission (TM) – Phase 2	172,069	264,369	-	436,438
	1,409,496	680,683	-	2,090,179
Expenditure on Education				
Support for church schools and parishes	94,471	151,283	-	245,754
	6,292,977	934,559	-	7,227,536

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

9. Other resources expended

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-

10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2022 £
Raising funds	167,771	-	134,850	302,621
Charitable activities:				
Contributions to Archbishops' Council	-	333,306	-	333,306
Resourcing parish ministry	4,474,350	111,193	181,438	4,766,981
Support for ministry and mission	1,513,411	525,409	409,463	2,448,283
Education	333,298	-	-	333,298
	6,488,830	969,908	725,751	8,184,489

Comparative analysis for 2021

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2021 £
Raising funds	169,841	-	129,347	299,188
Charitable activities:				
Contributions to Archbishops' Council	-	346,149	-	346,149
Resourcing parish ministry	4,305,667	65,424	174,363	4,545,454
Support for ministry and mission	1,621,892	74,544	393,743	2,090,179
Education	245,754	-	-	245,754
	6,343,154	486,117	697,453	7,526,724

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

11. Analysis of support costs

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2022 £
Central administration	706,431	-	-	-	706,431
Governance:					
External audit	19,320	-	-	-	19,320
Registrar and Chancellor	50,403	-	-	-	50,403
Synodical costs	5,877	-	-	-	5,877
	782,031	-	-	-	782,031

Comparative analysis for 2021

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2021 £
Central administration	677,785	-	-	-	677,785
Governance:					
External audit	19,668	-	-	-	19,668
Registrar and Chancellor	33,698	-	-	-	33,698
Synodical costs	3,692	-	-	-	3,692
	734,843	-	-	-	734,843

The Registrar and Chancellor, Governance Review and Synodical costs are not included in the support costs in note 10.

12. Analysis of grants made

	Number	Individuals £	Institutions £	2022 £	2021 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	333,306	333,306	346,149
From unrestricted funds:					
Resettlement and first incumbency grants	18	45,886	-	45,886	53,067
Doing Church Differently grants	1	-	7,562	7,562	(675)
Ordinands in training	2	19,438	-	19,438	8,209
Clergy for training	22	5,069	-	5,069	4,148
Mission initiatives in parishes	77	-	203,874	203,874	57,219
Clergy hardship grants	7	6,650	-	6,650	-
	127	77,043	211,436	288,479	121,968
From restricted funds for various purposes:					
Mission initiatives in parishes	124	-	295,973	295,973	-
Overseas mission work	3	-	18,000	18,000	18,000
Clergy hardship grants	38	34,150	-	34,150	-
	165	34,150	313,973	348,123	18,000
	297	111,193	858,715	969,908	486,117

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2021

	Number	Individuals £	Institutions £	2021 £	2020 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	346,149	346,149	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	21	53,067	-	53,067	58,121
Doing Church Differently grants	1	-	(675)	(675)	-
Ordinands in training	3	8,209	-	8,209	39,178
Clergy for training	19	4,148	-	4,148	1,921
Mission initiatives in parishes	16	-	57,219	57,219	98,635
Clergy hardship grants	-	-	-	-	-
	60	65,424	56,544	121,968	197,855
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	212
Overseas mission work	3	-	18,000	18,000	9,000
Clergy hardship grants	-	-	-	-	-
	3	-	18,000	18,000	9,212
	68	65,424	420,693	486,117	558,741

13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	1,131,861	(1,131,861)	-
Payments to acquire property	-	(93,939)	93,939
Receipts from sale of property	-	43,392	(43,392)
Total Return spend	800,678	-	(800,678)
	1,932,539	(1,182,408)	(750,131)
Comparative analysis for 2021			
	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	804,523	(804,523)	-
Payments to acquire property	-	(102,577)	102,577
Receipts from sale of property	-	11	(11)
Total Return spend	21,443	-	(21,443)
	825,966	(907,089)	81,123

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

14. Other gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Revaluation of land and buildings	1,180,654	-	3,283,511	4,464,165

Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Revaluation of land and buildings	1,673,000	-	5,631,980	7,304,980

15. Net movement in funds

	2022 £	2021 £
This is stated after charging:		
Staff costs (note 16)	1,436,416	1,491,005
Redundancy costs	14,561	2,903
Auditors' remuneration - audit fee	16,100	16,390
- other services	-	-
Realised losses on disposals of tangible fixed assets	-	-
Operating leases - land and buildings	57,867	53,200
- other	5,105	5,558
Depreciation of tangible fixed assets	9,570	9,743
	2022 £	2021 £
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	79,771	1,437
Realised gains on disposals of investment fixed assets	338,215	1,616,903

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	1,183,185	1,235,647
Social security costs	116,316	113,717
Pension contributions	136,915	141,641
	1,436,416	1,491,005

The average number of persons employed during the year:

	2022	2021
Administration and financial management	15	14
Communications	1	1
Discipleship & Ministry, Stewardship	13	16
Safeguarding & inclusion	4	4
Education	2	2
Transforming Mission	8	11
Change & Renewal	1	-
	44	48

The average number of persons employed during the year based on full time equivalents:

	2022	2021
Administration and financial management	13.3	12.2
Communications	0.9	1.1
Discipleship & Ministry, Stewardship	8.6	10.5
Safeguarding & inclusion	2.6	2.7
Education	2.6	2.4
Transforming Mission	6.3	8.8
Change & Renewal	0.5	0.0
	34.8	37.7

Remuneration of higher paid employees were as follows:

	2022 £	2021 £
£60,001 - £70,000	1	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2022 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director for Ministry	Jonathan Rowe (post made redundant June 2022)
Director of Education and Discipleship	Katie Fitzsimmons
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £272,393 (2021: £310,118). Expenses were £1,893 (2021: £985).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The son of a member of the key management personnel worked for the charitable company and earned £1,096 (2021: £0).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 6 Trustees (2021: 7) received travelling and out of pocket expenses, totalling £12,744 (2021: £6,362) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the charitable company during the year:

	Stipend	Housing
The Rt Revd H Nelson	No	Yes
The Ven K Betteridge	Yes	Yes
The Ven P Bryer	Yes	Yes
The Revd. C McQuillen-Wright	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. S Morgan	Yes	Yes
The Revd. B Morgan Lundie	Yes	Yes
The Revd. P Holley	Yes	Yes
The Revd. J W Foot	Yes	Yes

The charitable company is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than Bishops and cathedral staff. The charitable company is also responsible for the provision of housing for stipendiary clergy in the diocese including the Suffragan Bishop but excluding the Diocesan Bishop and cathedral staff.

The charitable company paid an average of 76 (2021: 77) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £	2021 £
Stipends	2,041,564	2,117,273
National insurance contributions	169,786	170,443
Pension costs	635,136	673,222
Apprenticeship Levy	9,231	9,695
	2,855,717	2,970,633

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £38,648 - £49,690 (2021 range £38,265 - £49,198). The annual rate of stipend, funded by the charitable company, paid to Archdeacons in 2020 was in the range £36,100 - £36,461 (2021 range £35,909 - £42,333) and other clergy who were Trustees were paid in the range £25,265 - £27,644 (2021 range £25,265 - £27,370).

17. Taxation

The charitable company is a registered charity and is not liable to UK corporation tax.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

18. Tangible fixed assets

18.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2022	12,909,768	45,297,023	58,206,791
Additions	542,728	93,939	636,667
Disposals	(425,500)	-	(425,500)
Revaluation adjustment	1,180,654	3,283,511	4,464,165
Transfer	-	-	-
At 31 December 2022	14,207,650	48,674,473	62,882,123

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses (parsonages) which are vested in the incumbent but still included as charitable company assets in accordance with the accounting policies. Land and buildings at 31 December 2022 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2022	9,414,984	13,264,065	22,679,049
Additions	542,728	93,939	636,667
Disposals	(341,570)	-	(341,570)
Transfer	-	-	-
At 31 December 2022	9,616,142	13,358,004	22,974,146

18.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2022	28,218
Additions	-
At 31 December 2022	28,218
<i>Depreciation</i>	
At 1 January 2022	24,836
Charge for year	1,336
At 31 December 2022	26,172
<i>Net book value</i>	
At 31 December 2022	2,046
At 31 December 2021	3,382

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

18. Tangible fixed assets (continued)

18.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2022	98,057
Additions	-
Disposals	-
At 31 December 2022	98,057
<i>Depreciation</i>	
At 1 January 2022	81,009
Disposals	-
Charge for year	8,234
At 31 December 2022	89,243
<i>Net book value</i>	
At 31 December 2022	8,814
At 31 December 2021	17,048

18.4 Total tangible fixed assets

	2022 £	2021 £
<i>Net book value</i>		
Freehold land and buildings	62,882,123	58,206,791
Leasehold premises	2,046	3,382
Office equipment	8,814	17,048
	62,892,983	58,227,221

19. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2022	17,445,000	12,098,483	20,976,156	50,519,639
Additions	17,052	-	-	17,052
Disposals	(262,350)	-	-	(262,350)
Revaluation adjustment	1,745,298	(1,189,099)	(2,647,490)	(2,091,291)
Transfer	-	-	-	-
At 31 December 2022	18,945,000	10,909,384	18,328,666	48,183,050

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the charitable company in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the trustees accordingly.

Listed investments substantially comprise shares in funds managed by Sarasin and Cazenove. Unlisted investments substantially comprise shares in funds managed by The CBF Church of England Funds.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

20. Debtors

	2022 £	2021 £
<i>Amounts falling due within one year</i>		
Trade debtors	7,391	-
Concessionary loans to parishes and others	40,000	48,000
Other debtors including prepayments and accrued income	937,031	736,131
	984,422	784,131
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	41,500	73,000
	1,025,922	857,131

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £10,000 (2021: £10,000). The repayment terms of the loans range from 6 months to 7 years.

21. Cash at bank and in hand

	2022 £	2021 £
The CBF Church of England Deposit Fund	4,033,568	4,851,027
COIF Charities Deposit Fund	338,630	327,583
Barclays Bank PLC	28,939	25,592
National Westminster Bank PLC	707,333	858,027
Savills Client Account	55,507	135,663
Cash in hand	571	639
	5,164,548	6,198,531
Less: attributable to local trust funds	(816,245)	(824,959)
	4,348,303	5,373,572

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

22. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	295,830	246,033
Other creditors (including taxation and social security)	115,020	34,142
Accruals and deferred income (note 23)	503,571	661,982
Pension scheme liabilities (note 28)		
Clergy Pension Scheme	-	142,000
Lay Defined Benefit Scheme	-	38,000
	914,421	1,122,157

23. Deferred income

	2022 £	2021 £
Deferred income is included within:		
Creditors due within one year	253,281	412,272
Deferred income as at 1 January 2022	412,272	545,285
Released from previous years	(410,355)	(231,117)
Resources deferred in the year	251,364	98,104
Deferred income as at 31 December 2022	253,281	412,272

Included within deferred income of £253,281 (2021: £412,272) are the following balances: £56,393 (2021: £55,972) in respect of glebe deferred income, £82,065 (2021: £82,066) in respect of glebe service charges, £47,937 (2021: £156,579) received in advance of entitlement and £40,934 (2021: £90,939) received on behalf of schools.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed

24.1 Summary of fund movements

At 31 December 2022:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,924,347	4,903,557	(6,244,448)	(91,724)	1,052,512	1,544,244
<i>Designated funds:</i>						
Board Houses Fund	12,909,768	-	36,379	1,180,654	80,849	14,207,650
Church House Fund	478,831	-	(43,200)	-	-	435,631
Densham Loan Fund	1,500	-	-	-	(1,500)	-
TM - Falmouth	169,170	-	(81,896)	-	-	87,274
TM – Phase 2	426,417	-	(150,528)	-	-	275,889
Net Zero 2030	-	-	(24,782)	-	374,782	350,000
Energy grants	-	-	(139,693)	-	229,693	90,000
Clergy hardship fund	-	-	(6,650)	-	6,650	-
Lay staff cost of living payments	-	-	(36,854)	-	36,854	-
Mission grants	-	-	(24,722)	-	152,699	127,977
	<u>15,910,033</u>	<u>4,903,557</u>	<u>(6,716,394)</u>	<u>1,088,930</u>	<u>1,932,539</u>	<u>17,118,665</u>
Restricted funds						
Pastoral Account	12,296,706	203,905	(37,563)	(1,370,914)	(1,182,408)	9,909,726
Diocesan Council for Mission & Unity	53,967	3,709	(18,065)	-	-	39,611
Education Trusts	1,122,400	117,034	(258,963)	(118,337)	-	862,134
Mission Fund	26,972	-	(26,972)	-	-	-
RME	27,723	87,703	(92,315)	-	-	23,111
SDF – TM Falmouth	23,574	152,001	(152,391)	-	-	23,184
SDF – Phase 2	(177)	225,499	(225,792)	-	-	(470)
SCF – On the Way	-	32,340	(32,340)	-	-	-
Strategic Ministry Fund	-	117,494	(117,494)	-	-	-
Generous Giving Fund	-	46,933	(46,933)	-	-	-
CJRG	-	-	-	-	-	-
Lambeth Conference	-	-	-	-	-	-
Transition Funding	-	33,108	(33,108)	-	-	-
SCF–Dir Change & Renewal	-	14,870	(14,870)	-	-	-
Energy Cost Grant	-	269,000	(269,000)	-	-	-
Clergy Hardship Fund	-	34,150	(34,150)	-	-	-
Archbishop mission grant	-	10,000	(3,111)	-	-	6,889
Bishop Phillpotts Library	12,992	-	(691)	-	-	12,301
Bishop Phillpotts Prize Fund	6,551	-	-	(97)	-	6,454
	<u>13,570,708</u>	<u>1,347,746</u>	<u>(1,363,758)</u>	<u>(1,489,348)</u>	<u>(1,182,408)</u>	<u>10,882,940</u>
Expendable endowment						
Parsonage Houses Fund	45,297,023	43,392	-	3,283,511	50,547	48,674,473
Permanent endowment						
Stipends Fund Capital Account	38,970,518	966,260	(104,337)	(172,004)	(800,678)	38,859,759
	<u>84,267,541</u>	<u>1,009,652</u>	<u>(104,337)</u>	<u>3,111,507</u>	<u>(750,131)</u>	<u>87,534,232</u>
Total endowments						
Total	<u>113,748,282</u>	<u>7,260,955</u>	<u>(8,184,489)</u>	<u>2,711,089</u>	<u>-</u>	<u>115,535,837</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.2 Prior year comparative summary of fund movements

At 31 December 2021:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	2,229,771	4,850,769	(6,106,883)	144,741	805,949	1,924,347
<i>Designated funds:</i>						
Board Houses Fund	11,236,768	-	1,426	1,673,000	(1,426)	12,909,768
Church House Fund	522,031	-	(43,200)	-	-	478,831
Densham Loan Fund	1,500	-	-	-	-	1,500
TM – Falmouth	251,018	-	(81,848)	-	-	169,170
TM – Phase 2	598,486	-	(172,069)	-	-	426,417
Net Zero 2030	-	-	-	-	-	-
Energy grants	-	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-	-
Mission grants	-	-	(21,443)	-	21,443	-
	<u>14,839,574</u>	<u>4,850,769</u>	<u>(6,424,017)</u>	<u>1,817,741</u>	<u>825,966</u>	<u>15,910,033</u>
Restricted funds						
Pastoral Account	11,523,611	276,726	(27,915)	1,431,373	(907,089)	12,296,706
Diocesan Council for Mission & Unity	67,371	4,661	(18,065)	-	-	53,967
Education Trusts	1,039,017	105,862	(150,720)	128,241	-	1,122,400
Mission Fund	26,972	-	-	-	-	26,972
RME	14,253	103,442	(89,972)	-	-	27,723
SDF- TM Falmouth	21,099	177,989	(175,514)	-	-	23,574
SDF – Phase 2	725	257,201	(258,103)	-	-	(177)
SCF– On the Way	-	43,194	(43,194)	-	-	-
Strategic Ministry Fund	-	102,593	(102,593)	-	-	-
Generous Giving Fund	-	44,096	(44,096)	-	-	-
CJRG	-	23,091	(23,091)	-	-	-
Lambeth Conference	900	(900)	-	-	-	-
Transition Funding	-	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-	-
Bishop Phillpotts Library	14,288	-	(1,296)	-	-	12,992
Bishop Phillpotts Prize Fund	6,534	-	-	17	-	6,551
	<u>12,714,770</u>	<u>1,137,955</u>	<u>(934,559)</u>	<u>1,559,631</u>	<u>(907,089)</u>	<u>13,570,708</u>
Expendable endowment						
Parsonage Houses Fund	39,562,466	11	-	5,631,980	102,566	45,297,023
Permanent endowment						
Stipends Fund Capital Account	34,157,121	866,661	(168,148)	4,136,327	(21,443)	38,970,518
	<u>73,719,587</u>	<u>866,672</u>	<u>(168,148)</u>	<u>9,768,307</u>	<u>81,123</u>	<u>84,267,541</u>
Total endowments						
	<u>73,719,587</u>	<u>866,672</u>	<u>(168,148)</u>	<u>9,768,307</u>	<u>81,123</u>	<u>84,267,541</u>
Total	<u>101,273,931</u>	<u>6,855,396</u>	<u>(7,526,724)</u>	<u>13,145,679</u>	<u>-</u>	<u>113,748,282</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds

Unrestricted funds

The General Fund supports the day to day activities of the charitable company.

The Board House Fund is represented by the book value of board properties. Additions to and disposals from the Fund are financed by or credited to the General Fund respectively.

The following other funds have been set aside by the trustees for purposes which the trustees themselves have designated:

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the new office premises at Church House.

The Densham Loan Fund originated from a bequest given to the charitable company in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars.

The Transforming Mission Funds are for the charitable company's contributions to assist with financing the Transforming Mission project in Falmouth, Camborne, Truro, St Austell and Liskeard. There is a restricted fund which is funded by the Archbishops Council.

The Net Zero 2030 fund is paying for Net Zero works on the Board of Finance properties.

The Energy Grants is funding which was added to the funding received from the Archbishops Council to increase the amount distributed to the parishes to assist with rising energy costs.

The Clergy Hardship Fund is funding which was added to the funding received from the Archbishops Council to increase the amount distributed to the clergy to assist with rising energy costs.

The Lay staff cost of living payment fund is for payments which were made to lay staff to assist them with the cost of living crisis which included rising energy costs.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £3.3m is ringfenced pending pastoral reorganisations.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub committee of the charitable company) for the purposes of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Mzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Mzimvubu).

The Diocese of Truro Education Trusts are governed by Schedule 36 of the Education Act 1996. The fund mainly represents the unspent sale proceeds of redundant Church of England school properties. The objects of the trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

The Mission Fund is for the specific purposes of investment in new mission initiatives which are not included in deanery plans.

Resourcing Ministerial Education (RME) is an age related block grant, received from the Archbishops Council to fund the training of ordinands in the diocese.

The Strategic Development Fund TMF (Transforming Mission Falmouth) restricted fund is grant funding received from the Archbishops Council to assist with financing the Transforming Mission project in Falmouth. There is an unrestricted fund which is funded by TDBF.

The Strategic Development Fund TM (Transforming Mission) Phase 2 is grant funding received from the Archbishops Council to assist with financing the Transforming Mission project in Camborne, Truro, St Austell and Liskeard. There is an unrestricted fund which is funded by TDBF.

The Strategic Capacity Fund – On the Way is grant funding received from the Archbishops Council to assist in funding the On the Way work.

The Strategic Capacity Fund – Director of Change & Renewal is grant funding received from the Archbishops Council to assist in funding the new post which is leading the Next Steps On the Way delivery.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

The Strategic Ministry Fund is grant funding received from the Archbishops Council to assist with financing curates.

The Generous Giving Fund is grant funding received from the Archbishops Council to assist with financing Generous Giving Advisors.

The Transition Funding is grant funding received from the Archbishops Council and is being used to resource the delivery of Next Steps On the Way.

The Energy Cost Grant is grant funding received from the Archbishops Council for distribution to parishes to assist with rising energy costs.

The Clergy Hardship Fund is grant funding received from the Archbishops Council for distribution to clergy to assist with rising energy costs.

Coronavirus Job Retention Grant (CJRG) is grant funding received from the Government to assist with paying employees' wages who are furloughed.

Bishop Phillpotts Library may be used to fund the resource of the library which is located at the Old Cathedral School in Truro.

Bishop Phillpotts' Prize Fund may be used to award school prizes in religious education.

Endowment funds

The Parsonage Houses Fund is represented by the book value of parsonage houses and team vicarages. Additions to and disposals from the Fund are financed by or credited to the Pastoral Account respectively.

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992. Following Charity Commission approval of a total return approach to investments, the Trustees may transfer to income all or part of the unapplied total return.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2021	8,669,805	25,775,350	34,445,155
Movements in the year:			
Investment return: dividends and interest	-	866,661	866,661
Investment return: unrealised gains / (losses)	-	4,136,327	4,136,327
Investment return: fund raising costs	-	(168,148)	(168,148)
Funding of clergy pension deficit contributions	-	(144,469)	(144,469)
Transfer from Stipends Fund Capital Account to designated fund	-	(21,443)	(21,443)
Indexation on base value of investment	468,423	(468,423)	-
Net movements in 2021	468,423	4,200,505	4,668,928
At 1 January 2022	<u>9,138,228</u>	<u>29,975,855</u>	<u>39,114,083</u>
Movements in the year:			
Investment return: dividends and interest	-	966,260	966,260
Investment return: unrealised gains / (losses)	-	(172,004)	(172,004)
Investment return: fund raising costs	-	(165,582)	(165,582)
Funding of clergy pension deficit contributions	-	(82,320)	(82,320)
Transfer from Stipends Fund Capital Account to designated fund	-	(800,678)	(800,678)
Indexation on base value of investment	960,665	(960,665)	-
Net movements in 2022	960,665	(1,214,989)	(254,324)
At 31 December 2022			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	4,334,902	-	4,334,902
Unapplied total return	-	28,760,866	28,760,866
	<u>10,098,893</u>	<u>28,760,866</u>	<u>38,859,759</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.4 Analysis of net assets between funds

At 31 December 2022:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	10,860	793,112	740,272	-	1,544,244
<i>Designated funds:</i>					
Board Houses Fund	14,207,650	-	-	-	14,207,650
Church House Fund	-	-	435,631	-	435,631
Densham Loan Fund	-	-	-	-	-
TM – Falmouth	-	-	87,274	-	87,274
TM – Phase 2	-	-	275,889	-	275,889
Net Zero 2030	-	-	350,000	-	350,000
Energy grants	-	-	90,000	-	90,000
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	127,977	-	127,977
	<u>14,218,510</u>	<u>793,112</u>	<u>2,107,043</u>	<u>-</u>	<u>17,118,665</u>
Restricted funds					
Pastoral Account	-	9,209,823	699,903	-	9,909,726
Diocesan Council for Mission & Unity	-	-	39,611	-	39,611
Education Trusts	-	951,107	(88,973)	-	862,134
Mission Fund	-	-	-	-	-
RME	-	-	23,111	-	23,111
Strategic Development Fund – TMF	-	-	23,184	-	23,184
Strategic Development Fund – Phase 2	-	-	(470)	-	(470)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	6,889	-	6,889
Bishop Phillpotts Library	-	-	12,301	-	12,301
Bishop Phillpotts' Prize Fund	-	851	5,603	-	6,454
	<u>-</u>	<u>10,161,781</u>	<u>721,159</u>	<u>-</u>	<u>10,882,940</u>
Expendable endowment					
Parsonage Houses Fund	48,674,473	-	-	-	48,674,473
Permanent endowment					
Stipends Fund Capital Account	-	37,228,157	1,631,602	-	38,859,759
	<u>48,674,473</u>	<u>37,228,157</u>	<u>1,631,602</u>	<u>-</u>	<u>87,534,232</u>
Total endowments					
	<u>48,674,473</u>	<u>37,228,157</u>	<u>1,631,602</u>	<u>-</u>	<u>87,534,232</u>
Total	<u>62,892,983</u>	<u>48,183,050</u>	<u>4,459,804</u>	<u>-</u>	<u>115,535,837</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

24. Funds employed (continued)

24.5 Prior year comparative summary of fund movements

At 31 December 2021:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	20,430	884,836	1,123,640	(104,559)	1,924,347
<i>Designated funds:</i>					
Board Houses Fund	12,909,768	-	-	-	12,909,768
Church House Fund	-	-	478,831	-	478,831
Densham Loan Fund	-	-	1,500	-	1,500
TM - Falmouth	-	-	169,170	-	169,170
TM – Phase 2	-	-	426,417	-	426,417
Net Zero 2030	-	-	-	-	-
Energy grants	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	-	-	-
	<u>12,930,198</u>	<u>884,836</u>	<u>2,199,558</u>	<u>(104,559)</u>	<u>15,910,033</u>
Restricted funds					
Pastoral Account	-	10,580,737	1,715,969	-	12,296,706
Diocesan Council for Mission & Unity	-	-	53,967	-	53,967
Education Trusts	-	1,069,444	52,956	-	1,122,400
Mission Fund	-	-	26,972	-	26,972
RME	-	-	27,723	-	27,723
Strategic Development Fund – TMF	-	-	23,574	-	23,574
Strategic Development Fund – Phase 2	-	-	(177)	-	(177)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-
Bishop Phillpotts Library	-	-	12,992	-	12,992
Bishop Phillpotts' Prize Fund	-	948	5,603	-	6,551
	<u>-</u>	<u>11,651,129</u>	<u>1,919,579</u>	<u>-</u>	<u>13,570,708</u>
Expendable endowment					
Parsonage Houses Fund	45,297,023	-	-	-	45,297,023
Permanent endowment					
Stipends Fund Capital Account	-	37,983,674	989,409	(2,565)	38,970,518
Total endowments	<u>45,297,023</u>	<u>37,983,674</u>	<u>989,409</u>	<u>(2,565)</u>	<u>84,267,541</u>
Total	<u>58,227,221</u>	<u>50,519,639</u>	<u>5,108,546</u>	<u>(107,124)</u>	<u>113,748,282</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	3,494,784	-	1,180,654	(83,930)	4,591,508
Parsonage Houses Fund	32,032,958	-	3,283,511	-	35,316,469
	35,527,742	-	4,464,165	(83,930)	39,907,977
Comparative analysis for 2021					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	1,821,784	-	5,631,980	-	3,494,784
Parsonage Houses Fund	26,400,978	-	1,673,000	-	32,032,958
	28,222,762	-	7,304,980	-	35,527,742

26. Capital commitments

	2022 £	2021 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	51,584	56,904
Repairs to properties	138,396	121,427
	189,980	178,331

Private Finance Initiative (PFI) payments are due in half-yearly instalments. The payments cover the charitable company's (through the Diocese of Truro Education Trusts) share of the building costs, the costs of financing the scheme and a small share of ongoing maintenance costs. The amounts shown are the total costs over the period of the scheme.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

27. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2022 £	2021 £
Land and buildings		
Within one year of the balance sheet date	51,400	52,467
In the second to fifth years inclusive of the balance sheet date	33,600	78,000
Beyond 5 years of the Balance Sheet date		
	85,000	130,467
Other operating leases		
Within one year of the balance sheet date	885	4,555
In the second to fifth years inclusive of the balance sheet date	885	-
	1,770	4,555

28. Pensions

Clergy

The charitable company participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the Church of England Funded Pensions 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 each specific Responsible Body, and this means 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 (2022: £635,136, 2021: £673,222), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £635,136 for 2022 (2021: £673,222).

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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- an average discount rate of 2.7% per annum;
- Retail Price Index inflation of 3.6% per annum (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH; and
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum and an allowance for 2020 data of 0% (ie w2020 = 0%).

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the Balance Sheet liability over 2021 and over 2022 is set out in the table below:

	2022 £	2021 £
Balance sheet liability at 1 January	143,565	288,034
Deficit contribution paid	(82,320)	(144,469)
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(61,245)	-
Balance Sheet liability at 31 December	-	143,565

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a.	0.0% p.a.	0.2% p.a.
Price inflation	n/a.	n/a.	3.1% p.a.
Increase to total pensionable payroll	n/a.	-1.5% p.a.	1.6% p.a.

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

Lay

The charitable company participates in the Church Workers Pension Fund (CWPF) which 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.

Defined Benefits Scheme (DBS)

The charitable company participates in the DBS section of the 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 DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £23,319, 2021: £22,059), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £82,183 for 2022 (2021: credit of £65,941).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m.

The next valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 45.2% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £38,046 per year were agreed for 4.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2022 £	2021 £
Balance sheet liability at 1 January	143,559	269,605
Deficit contribution paid	(38,057)	(38,046)
Interest cost (recognised in SoFA)	2,000	1,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(107,502)	(89,000)
Balance Sheet liability at 31 December	-	143,559

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

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

	December 2022	December 2021	December 2020
Discount rate	0.00%	1.40%	0.50%

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

Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the charitable company participates in the PBS section of the 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 PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The charitable company does not have any members in the Pension Builder 2014 scheme.

Pension Builder Classic provides a pension, 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. Discretionary increases may also be added, depending upon the investment returns and other factors.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means 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 (2022: £113,596, 2021: £119,582).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Pensions (continued)

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 2019. The next valuation is due as at 31 December 2022.

For the Pensions Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements to the funding position over 2022. There is no requirement for deficit payments at the current time.

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

Balance Sheet reconciliation

	2022 £	2021 £
Clergy pension liability at 31 December	-	143,565
Lay pension liability at 31 December	-	143,559
Total pension liability at 31 December	-	287,124
Creditors: amounts falling due within one year	-	180,000
Creditors: amounts falling due after more than one year	-	107,124

29. Transactions with Trustees

The trustees derive no financial benefit for their services as trustees other than the re-imbursement of their out-of-pocket expenses. In 2021, 6 trustees were paid £12,744 (2021: 7 trustees £6,362). However, of the trustees listed on pages 13 and 14, the charitable company also remunerated the Archdeacons, the Chair of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

The charitable company enters into transactions, on a regular basis, with other autonomous organisations within the Church of England e.g. parishes (including the Cathedral), the Archbishops' Council and the Church Commissioners. From time to time, certain trustees may serve on committees of other bodies, or on the General Synod. It is not considered appropriate to report the detail of such transactions since no individual or group of individuals so serving has any significant influence over any material transactions.

30. Funds held on behalf of others

The charitable company is custodian trustee for the following investment assets held on behalf of Parochial Church Councils in accordance with the Parochial Church Councils (Powers) Measure 1956.

	2022 £	2021 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	4,646,808	5,254,246
	4,852,008	5,459,446
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,215,150	2,212,033
	2,221,350	2,218,233

The TDBF also acts as custodian trustee in relation to PCC property. These assets are held separately to those of the TDBF.

The charitable company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the charitable company as their agent, the charitable company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

30. Funds held on behalf of others (cont)

December 2022, the charitable company held £248,918 (2021: £194,412) in designated bank accounts separate from those of the charitable company.

31. Contingent liability

A boundary wall adjacent to a closed church partly collapsed in 2018. Ownership of the wall and who is responsible for its repair are not known. The costs of any repairs are also unknown but if the wall is found to be owned by the TDBF, the charitable company may be responsible for all or some of the repair costs.

32. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Income and endowments from:				
Donations:				
Parish contributions	3,047,015	-	-	3,047,015
Archbishops' Council	906,168	-	-	906,168
Other	117,615	802,415	-	920,030
Charitable activities – statutory fees etc	266,471	-	-	266,471
Other activities	-	276,726	-	276,726
Investments	512,074	58,814	866,661	1,437,549
Other	1,426	-	11	1,437
Total	4,850,769	1,137,955	866,672	6,855,396
Expenditure on:				
Raising funds	131,040	-	168,148	299,188
Charitable activities	6,292,977	934,559	-	7,227,536
Other resources expended	-	-	-	-
Total	6,424,017	934,559	168,148	7,526,724
Net incoming resources before realised gains	(1,573,248)	203,396	698,524	(671,328)
Net gains on investment assets	144,741	1,559,631	4,136,327	5,840,699
Net incoming resources before transfers	(1,428,507)	1,763,027	4,834,851	5,169,371
Transfer between funds	825,966	(907,089)	81,123	-
Net income for the year	(602,541)	855,938	4,915,974	5,169,371
Unrealised gains on revaluation	1,673,000	-	5,631,980	7,304,980
Net movement in funds	1,070,459	855,938	10,547,954	12,474,351
Fund balances at 1 January 2021	14,839,574	12,714,770	73,719,587	101,273,931
Fund balances at 31 December 2021	15,910,033	13,570,708	84,267,541	113,748,282

Accounts

Company Registration No. 00049825
Charity No. 248330

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2021

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2021

Have I not commanded you? Be strong, and of good courage; be not frightened, neither be dismayed; for the Lord your God is with you wherever you go.

2021 continued to bring large challenges to the life of the church and to the Trustees of the Truro Diocesan Board of Finance (TDBF), in part due to the Covid-19 pandemic.

There are three financial "headlines" in this report:

MMF income

The Mission and Ministry Fund (MMF) comes from the contributions given by parishes to fund the ministry costs of the diocese. Income from MMF increased by £31k (1%) in 2021 when compared to 2020. It was also slightly above budget, but only 66% of call. However, since 2017 it has fallen by almost £860k, 22%.

45 parishes paid their call in full which is a fall from 2020 levels when 54 paid in full, and 9 parishes didn't contribute anything which is a reduction of 1 from 10 in 2020. These continue to be concerning numbers and are part of the work with On the Way: see Plans for the future on page 4.

Reduced expenditure

Overall expenditure was £1.4m (16%) below budget. This is a large difference and is mainly due to the fact that the 2021 budget was prepared in mid 2020 during the height of the pandemic. This was a period of immense uncertainty and it is therefore not a surprise that the budget was so significantly incorrect. It was expected that deanery plans would be forthcoming during 2021 and associated spend would be incurred, this didn't happen and the following savings were made as a consequence:

- Lower clergy numbers generated a saving of £235k;
- Mission grants budget not spent £220k;
- Clergy dispossession budget not spent £125k; and
- Net zero budget not spent £112k.

The pandemic impacted the Transforming Mission projects for a longer period than expected which led to an underspend against budget of £197k and there was also an unexpected (and unbudgeted) movement on the lay pension scheme of £89k.

The value of our properties and investments has increased

The property market in Cornwall has been strong again during 2021 and this has resulted in a 14.9% increase in the value of our property portfolio during the year, which equates to an unrealised gain of £7.3m.

There was also an increase in the value of investments held leading to an unrealised gain of £4.2m, being £1.1m on glebe and £3.1m on listed and unlisted investments.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2021.

The directors / trustees are one and the same and in signing as trustees they are also signing the directors' report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a directors' report of a charitable company; and
- a trustees' annual report under the Charities Act 2011.

Legal Objects

The overall objects of the TDBF are to promote the work of the Church of England in the Diocese of Truro and to act as a good steward of the resources entrusted to it.

The principal objects set out in the company's Articles of Association are:

- to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Truro, and in particular to organise and provide funds in aid of the work of the Church including:
 - training for ministry;
 - maintenance and financial support and assistance of ministry;
 - provision of pensions for the clergy and for lay workers;
 - overseeing the various properties used by the wider church, including churches, church halls, clergy houses and other buildings;
 - providing religious education through Church of England schools and colleges as well as elsewhere; and
 - financing the diocesan and central organisation;

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2021

Legal Objects (continued)

The Truro Diocesan Board of Finance has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Truro (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

Vision, Aims and Objectives

Our overarching vision in this diocese remains that of Discovering God's Kingdom, Growing the Church.

During 2020, the trustees of the TDBF, working as the Bishop's Diocesan Council (BDC), endorsed a paper that was to become The Saints' Way – a theology and strategy of diocesan mission. It describes priorities and commitments for the diocese:

- celebrating children and young people;
- embracing an innovative and pioneering culture;
- confident in our calling;
- strong international links;
- rejoicing in the generosity of God;
- serve the poor; and
- care for the earth.

The business model for the Board of Finance in 2021 continued to be relatively simple:

- to move towards a balanced operating budget for 2023;
- the ongoing imbalance between cost of ministry and MMF was funded from investments and from grant funding, mainly from the Church Commissioners;
- the investment and property portfolio was managed in line with the various statutory and trust obligations that relate to different parts of it; and
- trustees used "Total Return" to release capital for investment in growth at parish level. The company, through the trustees, seeks and continues to receive additional grant funding from the Church Commissioners and others to support growth.

Activities and achievements during the year

When the 2021 TDBF budget was presented to the Diocesan Synod in November 2020 it was approved on the understanding that a significant change was needed. The 2021 operating budget deficit was £1.3m, with an overall budget deficit of £2m, and this is not sustainable.

This prompted a piece of work which resulted in the introduction of On the Way in January 2021. On the Way asks parish and deanery leaders to consider the calling of the church in their place alongside priorities described in The Saints Way. It relates directly to the priority of 'becoming a Church that is increasingly confident in its calling' but goes much wider than that. The destination being sought is fruitfulness and sustainability. The trustees know that this goal will not be reached by writing a strategy for fruitfulness and sustainability, which is then given to churches to put into action. The Holy Spirit is much more likely to be at work in and around local communities, and the fruitful and sustainable future being longed for is most likely to be discerned by local churches, working together in deaneries, seeking the Spirit and looking to join in.

As part of the On the Way work the deaneries are exploring how the Lowest Income Communities (LICF) funding can be used differently within the diocese to ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. This relates to 'serving the poor' along with the glebe estate continuing to provide land to build affordable and social housing with progress made on a number of projects in 2021. Since 2011, 197 affordable houses have been built on glebe land. A very small number of houses provide support to those experiencing acute need, including as landlord of last resort, a property to support St Petroc's charity and, in partnership with Cornwall Council, to support refugee housing.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2021

Activities and achievements during the year (continued)

Various policies were introduced in 2021 for managing our housing stock, our approach to the net-zero ambition, for managing clergy special agreements and staff redundancy. These have enabled work to progress alongside On the Way, although the management of the housing stock is delayed as deanery plans are developed. This has resulted in the level of surplus housing held continuing to be unsustainably high.

A commitment was made, as part of the work on moving towards a balanced operating budget, to reduce the 2023 costs of the shared services at Church House by £250k when compared to the 2021 budget. Work has started on this with: one staff member leaving in 2021 and not being replaced and one employee taking voluntary redundancy in 2021; and savings being made on legal fees and some departmental costs. Work continues on a formal staff redundancy process in order that the level of savings can be made. Whilst this will undoubtedly affect the ongoing level of support the diocese can provide to parishes, every effort will be made to minimise the impact of these cuts.

The company continued to support significant investment in Transforming Mission (TM) across five local projects.

In April 2021 following receipt of the Past Case Review (PCR) 2 report a serious incident report was made to the Charity Commission. There was reasonable belief that there had been a breach of the charity's procedures or policies which has put beneficiaries, staff, volunteers or others who come in contact with it through its work at significant risk of harm. An action plan was put in place to address the weaknesses that it identified and immediate action was taken whenever urgent or real-time risks to individuals were raised by the reviewers.

Core functions of the TDBF continued to be maintained during 2021 with the majority of work continuing to take place remotely since the start of the first lockdown in March 2020.

Key strategic decisions taken by trustees in 2021 were:

- to achieve a balanced operating budget for 2023;
- to support On the Way;
- to commit Lowest Income Communities funding (LICF) directly to ministry in communities experiencing deprivation, once a balanced budget was achieved;
- to maintain expenditure on the property portfolio; and
- to implement the recommendations of the PCR2 report.

Public benefit

The trustees believe that, by promoting the work of the Church of England in the Diocese of Truro, the Diocesan Board of Finance helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in the Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Truro Diocesan Board of Finance.

The Christian Presence

The Company endeavours to maintain a Christian presence in every community. Clergy form a central part in the life of churches in the Truro Diocese and carry out important roles in communities.

While the Truro Diocesan Board of Finance is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the Truro Diocesan Board of Finance reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the clergy, curates, readers, local worship leaders and local pastoral ministers in the diocese is a priority of the Truro Diocesan Board of Finance and ministry costs represent by far its largest financial commitment.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2021

The Christian Presence (continued)

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry:

	<u>2021</u>	<u>2020</u>
Stipendiary priests	60	62
Self-supporting priests	12	13
'House for Duty' priests	4	6
Stipendiary curates	18	18
Self-supporting curates	11	11
Readers	101	112
Priests with Permission to Officiate (incl retired and non-retired)	143	161
Local Worship Leaders	255	269
Local Pastoral Ministers	246	253

Work with schools

The ambition for the Diocesan Board of Education (DBE) remains "becoming a significant partner for raising standards in schools in Cornwall and the Isles of Scilly" and the work of the education team with schools and multi academy trust has continued to focus on this. The DBE does this work by promoting the Church of England "Vision for Education." The ambition and the vision are for all schools in Cornwall, including, but not confined to, the 44 church schools.

Work focusses on the areas of leadership and governance and is broad, including the development of important relationships in system leadership in support of our schools. Funding has been made available for the professional development of teachers and school leaders through a range of support including a post graduate Masters level programme with Marjon University Cornwall and professional qualifications in headship via the Church of England Foundation for Educational Leadership. Support has been given to teacher development in the delivery of high quality RE and for the delivery of Understanding Christianity training for teachers from all schools across the diocese.

This year has seen secondments to the team leading on school facing work, network development and focus areas. This has included support for head teachers and Early Career Teachers across the diocese and in providing extensive governance support and guidance. The Diocesan Director of Education (DDE) gives ongoing support and guidance to heads and trusts, as well as linking to resources from the national DDE network and lobbying as the voice of schools locally, regionally and nationally.

Volunteers

The diocese continues to remain heavily dependent on the huge number of people involved in church activities at parish, deanery and diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the TDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the diocese.

Plans for the future

On the Way will progress and see deanery plans implemented leading to fruitful and sustainable communities across the diocese.

New arrangements for leading change at the diocesan level will integrate oversight and project planning for TM, the use of LICF and other mission funding, with the wider deanery level planning. TM will at last become part of the mainstream of the diocese. A "reset" of the TM projects in the light of Covid and other changes is currently underway.

At the heart of our planning is an enduring commitment to the parishes and churches of the diocese. We continue to support stipendiary ordained ministry as well as discerning and growing other patterns of service and mission.

The 2022 budget includes an assumption that MMF contributions will return to the 2019 levels. This again forms part of the On the Way work.

It is hoped that with all of these changes the 2023 budget will show a more sustainable financial projection with a balanced operating budget. This continues to be a very challenging ambition but the trustees are hopeful this can be achieved.

Financial Review

Financial performance

The SOFA for the year shows total income of £6,855k (2020: £6,972k) and total expenditure of £7,527k (2020: £7,414k), resulting in net expenditure of £671k (2020: £442k).

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For the year ended 31 December 2021

Financial performance (continued)

The decrease in income of £117k is predominantly due to reduced realised gains on disposal of assets of £297k along with reduced rent from Parsonage houses of £31k, investment income of £25k and café income of £21k which were partly offset by increased MMF contributions (see below) of £31k, statutory fees of £23k and grant income of £198k for the Transforming Mission projects, curates and Generous Giving Advisors work.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2021 this income increased by £31k to £3,047k (2020: £3,016k). The MMF collection rate improved marginally to 66.69%, a slight increase on the previous year's 64.31%. This still represents the lowest contribution rate of all the dioceses in the Church of England.

Expenditure increased by £113k. This is mainly due to a provision for a loan of £150k and an increase in the clergy pension contributions of £104k which were offset by savings in support costs of £26k, a reduced level of spend on housing of £22k and the movement in the lay pension liability of £89k, which didn't occur in 2020.

In addition, the gains on investments assets of £5,841k and the unrealised gains on property revaluations of £7,305k contributed to the total fund balances increasing from £101,274k to £113,748k.

Significant property transactions

In 2021 TDBF didn't buy or sell any properties.

The DBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the diocese and the increased number of curate posts; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the church.

Work on this strategy will continue as the deanery plans are implemented as part of the On the Way work.

Balance Sheet position

The net assets at the balance sheet date totalled £113,748k (2020: £101,274k). This includes properties totalling £58,207k (2020: £50,799k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the DBF.

The Trustees are satisfied that the TDBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

Reserves Policy

Free reserves

Taking into account the continuing level of change in housing, MMF contribution levels, projected operating results and our commitment to the diocesan strategy, the Trustees' policy is to hold the following reserves:

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,100k	1,100k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	11,650	-	11,650k
Diocesan Pastoral Account - Benefice Accounts	-	-	6,000k	6,000k
Total	1,700k	11,650k	7,300k	20,650k

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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For the year ended 31 December 2021

Reserves Policy (continued)

As at 31 December 2021 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2020: £1,700k), as per the table above. Actual free reserves as at 31 December 2021 amounted to £1,924k (2020: £2,230k) which is above the target amount.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 25. At 31 December 2021 total designated reserves were £13,986k (2020: £12,610k).

Restricted and endowment funds

As set out in note 25 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £13,571k (2020: £12,715k) and endowment funds totalled £84,268 (2020: £73,720). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £4,033k (2020: £4,900k).

Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the DBF's income comes from other charitable entities. The DBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2021.

Investment policies

Under the Articles of Association, the company has the power to make any investment which the Trustees see fit. The Investment Management Committee oversees the management of the company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The company's Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the company's investments shall be administered and was updated in January 2022.

It is expected that an ethical approach is adopted at all times: broadly this encompasses the objectives of The Church of England's Ethical Investment Advisory Group, the Diocesan Environmental Policy and more recently the Church's objective of 'net zero' by 2030. The overriding objective is to support the mission of the Church in the Diocese through a portfolio that aligns strongly with the Diocesan and wider Church's Ethical, Social and Governance (ESG) values. The priorities are the maintenance of capital in real terms, together with a sustainable and growing level of distributions. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale, as well as to keep pace with inflation. Other asset classes are included to moderate risk and protect income flows.

Historically, the Committee has felt it prudent to rely on external fund managers' (particularly CCLA) in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Investment Management Committee is permitted to consider all authorised managers and types of fund, subject to appropriate due diligence.

There were some significant changes to the portfolio during the year. The £1.75m proceeds from the sale of the CBF Property Fund were received in January with £1m being added to the CCLA CBF Investment Fund and the balance split between the following infrastructure funds: Greencoat UK Wind, JLEN Environmental Assets, and NextEnergy Solar Fund. During the Summer the decision was made to sell M&G Charifund and also to reduce exposure to CCLA's other funds, particularly CBF UK income and CBF Global Equity Income. This produced proceeds of £10m which was split equally between Cazenove Charity Responsible Multi Asset Fund and the Sarasin Endowment Climate Active Fund.

The effect of these changes has been to increase our overall equity exposure modestly, whilst reducing exposure to the UK significantly. We have lowered our exposure to property and to bonds, but we have increased our holdings of 'alternatives', choosing investments that act as bond proxies, in a manner that complies with our ESG approach.

The company holds investments in two of the CBF Church of England Funds, representing 63.4% of the total value of the company's investments of £33,075k (excluding Glebe) at 31 December 2021. The remaining 36.6% are held in listed investments (see note 20).

The Investment Management Committee has adopted an industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The MSCI PIMFA Balanced Index rose by 10.6% in capital terms in 2021. The TDBF portfolio rose by 15.0% in the same period. The outcome for the year is quite encouraging.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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For the year ended 31 December 2021

Investment policies (continued)

The Bishop's Diocesan Council consider these investment returns to be satisfactory and is comfortable with the asset allocation of the portfolio.

Total Returns

On 28 March 2018, the Truro Diocesan Board of Finance Limited (Board), as the sole trustee of the Diocese of Truro Stipends Fund Capital Account (SCA), made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the SCA permanent endowment fund. On 28 March 2018, the Board identified the value of the gifts of permanent endowment as at 31 December 1999, the earliest date with reliable valuations. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 28 March 2018 and the inflation-indexed baseline value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the Board to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Board to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The Board decided to make a transfer from unapplied total return to unrestricted income funds in both 2020 and 2021. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the Bishop's Diocesan Council referred to analysis prepared by Mike Sturgess, Chair of the TDBF, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 12.

The Funds for Mission panel consider grant applications under £5,000 and the Senior Leadership Team consider applications above this level.

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry.

Grants are paid to other charitable projects which appear to the DBF to support the furtherance of the company's objects.

Principal risks and uncertainties

The Bishop's Diocesan Council is responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Bishop's Diocesan Council on a regular basis, with the responsibility for delivery of the mitigation strategies identified being delegated to the Finance, Assets and Risk (FAR) Committee and the Diocesan Secretary.

Following risk management training, a new risk register and heat-map format was developed and embedded in 2020. The risk managers continue to meet quarterly to discuss the ongoing development and each register is reviewed in detail by the FAR annually on a rotating schedule.

The risk register identifies the following high risk areas where the likelihood of the risk occurring is 'likely or almost certain' and the impact of the events is considered 'major or critical'. These areas and the associated mitigation strategies are:

- Finance: income insufficient to meet financial commitments.
 - monthly monitoring by Finance department
 - formal decision making process and financial regulations providing a control over spending;
 - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry.
 - the On the Way process works with deaneries to enable fruitfulness and sustainability for parishes;
 - annual budgeting;
 - effective use of reserves, for example funds released by the Total Returns mechanism;
 - Glebe and Investment Management Committees review the portfolios to ensure income is maximised and adjusting the mix of the portfolio when necessary;
 - prudent reserves policy, which is reviewed annually;
 - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme;
 - liaising closely with Church Commissioners and other national bodies about national strategy; and

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For the year ended 31 December 2021

Principal risks and uncertainties (continued)

- The Saints Way to lead the vision for the Diocese.
- Safeguarding: failure to safeguard, care and nurture of children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
 - implementation of national and local policies and practice guidance;
 - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;
 - Diocesan Safeguarding Team in place to provide support, guidance and training;
 - interim control measures required during Covid-19, increased guidance and advice to PCC's; and
 - training available to PCC's that aligns with national guidance, delivered by a network of volunteer trainers and the Diocesan Safeguarding trainer and with a formal reporting structure.
- Safeguarding: incompliant management of data including paper and electronic files, storage and sharing.
 - Paper files locked in secure filing cabinet;
 - Computers encrypted;
 - Electronic case files held in secure separate drive on server;
 - Data sharing protocols in place;
 - Staff trained in data protection practice and up to date with regulations; and
 - Separate office for safeguarding staff.

Structure and Governance

Summary Information about the Structure of the Church of England

The Diocese of Truro is part of the wider Church of England, and any description of the governance structure of the Truro Diocese and the Truro Diocesan Board of Finance must be set within the context of the structure of the Church of England itself.

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in England.

Each diocese in England is divided into benefices, which comprises a number of parishes, although some larger parishes can be a benefice in their own right. Each benefice is overseen by a priest (usually called a vicar, rector or priest in charge). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish. Benefices are also grouped together into deaneries, with there being twelve deaneries in the Diocese of Truro.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are about 120 bishops, including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice a year to consider legislation for the broader good of the Church.

The National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority, to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

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For the year ended 31 December 2021

The Diocese of Truro

The statutory governing body of the diocese is the Diocesan Synod. It consists of the House of Bishops, the House of Clergy and the House of Laity, with broadly equal numbers of clergy and lay people providing representation across the diocese. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop when requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

The Diocese of Truro was created in 1877. It covers the whole of the county of Cornwall and the Isles of Scilly, plus two churches in Devon.

Archdeaconries, Deaneries, Benefices and Parishes

The whole of the diocese is divided into parishes which for administrative and governance purposes is generally the smallest pastoral area in the Church of England. Typically, each parish has one parish church. In total there are 214 parishes in the diocese.

The ecclesiastical parish is governed by a Parochial Church Council or PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation in the parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. The Diocese of Truro has two archdeaconries, each with six deaneries, the archdeaconry of Cornwall in the west, and of Bodmin in the east of the diocese.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the two archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

There are 12 deaneries in the diocese, each with its own Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and the role of the synods is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- allocate the deanery MMF call between their parishes and report the allocation back to the Board; and
- develop a deanery plan for the mission of the Church in the deanery.

Diocesan Governance

The Diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of 14 ex officio members, including the Bishops and Archdeacons, 48 clergy members elected by the houses of clergy in Deanery Synods, 45 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

The Truro Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 23 October 1896 as a charitable company limited by guarantee (No. 00049825) and its governing documents are the Articles of Association. The company is registered with the Charity Commission (No. 248330).

Every member of Diocesan Synod is a member of the company, for company law purposes, and has a personal liability limited to £10 under their guarantee as company members in the event of its being wound up. The Bishop's Diocesan Council consists of the members of the Bishop's Council and Standing Committee who are also the directors of the company under law.

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Bishop's Diocesan Council and the Finance, Assets and Risk Committee

Diocesan Synod has delegated the following functions to the Bishop's Council and Standing Committee, via the Bishop's Diocesan Council:

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the Diocese;
- preparation of annual estimates of expenditure;
- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

The company has responsibility for the day-to-day financial management of the Diocese.

Also within the responsibility of the Bishop's Diocesan Council are the following statutory committees:

- Parsonages Board, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses and houses owned by the company.
- Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends fund of the Diocese.
- Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England.

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on page 13. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the company for the purposes of company law.

All elected members of the Bishop's Diocesan Council may serve for a maximum of six years before standing down for at least one year, but may stand for re-election thereafter.

The Bishop's Diocesan Council's responsibilities

The Bishop's Diocesan Council, as the body of trustees / directors, is responsible for preparing the Trustees' Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Bishop's Diocesan Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Bishop's Diocesan Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Bishop's Diocesan Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Bishop's Diocesan Council is responsible for the maintenance and integrity of the corporate and financial information included in the Diocese of Truro's website.

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For the year ended 31 December 2021

Statement of disclosure to auditor

So far as each member of the Bishop's Diocesan Council is aware, there is no relevant audit information of which the company's auditor is unaware, and each member of the Bishop's Diocesan Council has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Finance, Assets and Risk Committee

The Board of Directors of the Truro Diocesan Board of Finance has formed a committee consisting of the Chair of the Truro Diocesan Board of Finance, members of the BDC, and members co-opted on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

Trustees are recruited through a mixture of ex-officio positions, elections and nominations.

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and risk management. Further development resources will be made available through the life of the current triennium. There is also a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

Delegation of day to day delivery

The Bishop's Diocesan Council and the Finance, Assets and Risk Committee rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Truro Diocesan Board of Finance in accordance with the policies framed by the Trustees.

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Remuneration Committee, under delegated authority from the Bishop's Diocesan Council. The Committee obtains reliable up-to date information about remuneration in other organisations of comparable scale and nature.

Funds held as Custodian Trustee

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £5.5m at 31 December 2021 (2020: £4.7m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

The Board of Education is a statutory committee within the Truro Diocesan Board of Finance. Under the Diocesan Board of Education Measure 2020, it is required:

- to promote or assist in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England.
 - The Board therefore has a vision of education that derives from the Christian faith;
 - Its responsibilities extend to the whole of the diocese, and not just within church schools;
 - Indeed, its responsibilities apply to more than just schools and includes adult education;
- to promote or assist in the promotion of religious education and religious worship in schools in the diocese;
 - Again, this applies to the whole of the diocese, and not just to church schools;
- to promote or assist in the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese;
- to promote cooperation between the Board and those concerned on any matter affecting church schools in the diocese.

The company administers Devolved Formula Capital (DFC) grants for the Diocese's church schools. At 31 December 2021, the Company held £194,412 (2020: £193,169) in designated bank accounts separate from those of the Company.

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Related parties

General Synod, Church Commissioners and Archbishops' Council

The company has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners and are therefore not reflected in these financial statements.

Parochial Church Councils (PCCs)

The company is required by Measure to be custodian trustee in relation to PCC property, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the company and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity, currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from The Cathedral Office, The Old Cathedral School, Cathedral Close, Truro, TR1 2FQ.

Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund – a registered charity which provides financial support to clergy or their dependents in particular financial need. Specifically, support may be provided to the spouse or the dependants of deceased clergy; to retired clergy or their dependants; or to the spouse or dependants of clergy from whom the spouse is separated or divorced.

Pensions

Stipendiary clergy, and the company's lay staff who joined the company before 1 February 2010, are members of the Church of England Funded Pensions Scheme and the Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund, respectively. Both schemes provide defined retirement benefits and both are non-contributory except for lay staff who have joined the company since 1 April 2004 who can have additional matching contributions up to 6% of their pensionable salaries if they make contributions.

On 1 February 2010, the company closed its Defined Benefits Scheme to new lay staff who are instead eligible to join the Pension Builder Scheme (previously known as the Defined Contributions Scheme (DCS)), part of the Church Workers Pension Fund. This scheme is contributory and provides limited pension guarantees.

Further details about these schemes are contained in note 29 to the financial statements.

Appointment of solicitors

A resolution to reappoint Veale Wasbrough Wizards LLP as solicitors to the company will be proposed at the Annual General Meeting.

Appointment of auditors

A resolution to reappoint Haysmacintyre LLP as auditors to the company will be proposed at the Annual General Meeting.

Administrative Information

Members of the Bishop's Diocesan Council

The Members of the Bishop's Diocesan Council (who are the trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law)) who served during the year and who were members at the date of this report were as follows:

Chairman (ex officio)	The Rt. Revd. P I Mounstephen
Chairman of the Truro Diocesan Board of Finance (elected by the Members)	Mr M J Sturgess

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For the year ended 31 December 2021

Ex officio

The Rt. Revd. H Nelson
The Very Revd. R C Bush (The Dean)
The Ven. P D Bryer (Archdeacon of Cornwall) (and acting Archdeacon of Bodmin from 1 March 2021 until 23 May 2021)
The Ven. A A Elkington (Archdeacon of Bodmin) (resigned 28 February 2021)
The Ven. K A Betteridge (Archdeacon of Bodmin) (appointed 23 May 2021)

Elected by the relevant Houses of Diocesan Synod

Chair of the House of Clergy	The Revd. Canon J S Thorold (resigned 6 November 2021) The Revd. C C McQuillen Wright (appointed 6 November 2021)
Chair of the House of Laity	Mrs A Corbett (resigned 6 November 2021) Lay Canon Mr R J Perry (appointed 6 November 2021)

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall	The Revd. C C McQuillen-Wright (appointed Chair of the House of Clergy 6 November 2021) The Revd. B R Morgan Lundie (appointed 6 November 2021) Mr N C J Herian (resigned 6 November 2021) Mr R H Kirkpatrick (resigned 5 May 2021) Mr A P Hicks (appointed 6 November 2021)
Archdeaconry of Bodmin	The Revd. Canon L Parker (resigned 6 November 2021) The Revd. P R Holley (appointed 8 December 2021) The Revd. R J Terry (appointed 8 December 2021) Mr R C West (resigned 3 February 2022)

Bishop's Appointments

	Lay Canon Mr R J Perry (appointed Chair of the House of Laity 6 November 2021) Mrs C E Irwin Dr A G Thompson The Revd. T Folland The Revd. S Morgan Mrs A Corbett (appointed 6 November 2021)
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Company Secretary	The Revd. Canon S Cade
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Registered Office	Church House Woodlands Court Truro Business Park Threemilestone Truro TR4 9NH
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Telephone	01872-274351
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Email address	info@truro.anglican.org
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Website	www.trurodiocese.org.uk
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Company registration number	00049825 (England and Wales)
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Charity registration number	248330
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Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
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Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
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Auditors	Haysmacintyre LLP, 10 Queen Street Place, London
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Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
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Insurers	Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester
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For the year ended 31 December 2021

Investment managers

CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London

M&G Investments, Governor's House, 5 Laurence Pountney Hill, London

Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London

Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London

Cazenove Capital, 1 London Wall Place, London

Glebe estate manager

Savills, Lemon Street, Truro

Property manager

Savills, Lemon Street, Truro

Approval of this combined report

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by s.415A of the Companies Act 2006.

This report was approved by the Bishop's Diocesan Council on 27 April 2022 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman

Church House
Woodlands Court
Truro Business Park
Threemilestone
Truro
TR4 9NH

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on pages 10 and 11), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- challenging assumptions and judgements made by management in their critical accounting estimates;
- testing transfers between funds; and
- cut-off testing in respect of revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
27 April 2022

10 Queen Street Place
London
EC4R 1AG



The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Statement of Financial Activities

For the year ended 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2021 £	2020 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,047,015	-	-	3,047,015	3,016,213
Archbishops' Council		906,168	-	-	906,168	899,499
Other		117,615	802,415	-	920,030	728,216
Charitable activities – statutory fees		266,471	-	-	266,471	243,557
Other activities	4	-	276,726	-	276,726	324,553
Investments	5	512,074	58,814	866,661	1,437,549	1,462,165
Other	6	1,426	-	11	1,437	298,014
Total		4,850,769	1,137,955	866,672	6,855,396	6,972,217
Expenditure on:						
Raising funds	7	131,040	-	168,148	299,188	328,148
Charitable activities	8	6,292,977	934,559	-	7,227,536	7,074,608
Other resources expended	9	-	-	-	-	11,307
Total		6,424,017	934,559	168,148	7,526,724	7,414,063
Net incoming / (outgoing) resources before realised gains		(1,573,248)	203,396	698,524	(671,328)	(441,846)
Net gains on investment assets		144,741	1,559,631	4,136,327	5,840,699	752,167
Net incoming / (outgoing) resources before transfers		(1,428,507)	1,763,027	4,834,851	5,169,371	310,321
Transfer between funds	13	825,966	(907,089)	81,123	-	-
Net income for the year		(602,541)	855,938	4,915,974	5,169,371	310,321
Unrealised gains on revaluation	14	1,673,000	-	5,631,980	7,304,980	4,786,432
Net movement in funds	15	1,070,459	855,938	10,547,954	12,474,351	5,096,753
Fund balances at 1 January 2021		14,839,574	12,714,770	73,719,587	101,273,931	96,177,178
Fund balances at 31 December 2021		15,910,033	13,570,708	84,267,541	113,748,282	101,273,931

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Income and Expenditure Account,

For the year ended 31 December 2021

	2021 £	2020 £
Total incoming resources	5,988,724	5,790,072
Resources expended	(7,358,576)	(7,231,797)
Operating deficit for the year	(1,369,852)	(1,871,320)
Net gains on investments	1,704,372	416,367
Net income /(expenditure) for the year	334,520	(1,025,358)
Other comprehensive income		
Revaluation of fixed assets	1,673,000	1,088,918
Net assets transferred from endowments	(81,123)	1,260,849
Total comprehensive income	1,926,397	1,324,409

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

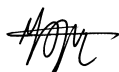
The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Balance Sheet at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	19	58,227,221	50,827,324
Investments	20	50,519,639	45,364,217
		108,746,860	96,191,541
Current assets			
Debtors	21	857,131	829,527
Cash at bank and in hand	22	5,373,572	5,706,342
		6,230,703	6,535,869
Creditors: amounts falling due within one year			
Other creditors	23	1,122,157	1,075,840
Net current assets		5,108,546	5,460,029
Total assets less current liabilities		113,855,406	101,651,570
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	29	107,124	377,639
Net assets		113,748,282	101,273,931
Funds employed			
Unrestricted funds		15,910,033	14,839,574
Restricted funds		13,570,708	12,714,770
Expendable endowment			
Parsonage Houses Fund		45,297,023	39,562,466
Permanent endowments			
Stipends Fund Capital Account		38,970,518	34,157,121
Total endowments		84,267,541	73,719,587
Total funds employed	25.4	113,748,282	101,273,931
The revaluation reserve included in the above funds is:	26	35,527,742	28,222,762

The cash flow statement and the notes form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 27 April 2022 and signed on its behalf by:

M Sturgess
Chairman



Company Registration No. 00049825

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Cash Flow Statement

For the year ended 31 December 2021

	2021	2020
	£	£
Net cash outflow from operating activities	(1,814,554)	(1,881,439)
Cash flows from investing activities		
Dividends, interest and rent from investments	899,730	966,447
Interest paid	-	(366)
Proceeds from the sale of:		
Tangible fixed assets	1,437	1,361,561
Fixed asset investments	12,534,770	1,050,000
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(104,660)	(68,905)
Fixed asset investments	(11,849,493)	(1,046,776)
Net cash provided by investing activities	1,481,784	2,261,961
Change in cash and cash equivalents in the reporting period	(332,770)	380,522
Cash and cash equivalents at 1 January 2021	5,706,342	5,325,820
Cash and cash equivalents at 31 December 2021	5,373,572	5,706,342
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December 2021	12,474,352	5,096,753
Adjustments for:		
Depreciation charges	9,743	9,409
Dividends, interest and rent from investments	(899,730)	(966,447)
Interest paid	-	366
Profit on sale of functional assets	(1,437)	(286,707)
Gains on investments and revaluation of fixed assets	(13,145,679)	(5,538,599)
Increase in loans to parishes	(50,343)	(36,782)
Decrease in stock	-	1,213
Decrease/(increase) in debtors	22,738	(144,021)
Increase in creditors	46,317	237,067
Defined benefit pension costs less contributions payable	(271,515)	(261,691)
Defined benefit pension finance costs	1,000	8,000
Net cash (used in) operating activities	(1,814,554)	(1,881,439)
Analysis of cash and cash equivalents		
Cash in hand	5,373,572	5,706,342

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

1. Constitution

The company is incorporated, in England and Wales (Company Registration Number 00049825), as limited by guarantee under the Companies Act 2006. The Registered office is Church House, Woodlands Court, Truro Business Park, Threemilestone, Truro, TR4 9NH. In the event of winding up, up to the permitted maximum 114 members of the Company are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the Company and the costs, charges and expenses of winding up. At the year end there were 82 members.

2. Principal accounting policies

The charity meets the definition of a Public Benefit Entity in accordance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and investments (held as fixed assets), which are included at their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities* (Second Edition, effective 1 January 2019, applicable accounting standards (FRS 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland*) and the Companies Act 2006.

The financial statements have been prepared in UK sterling currency and rounded to the nearest £1.

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements. Contributions received from the parishes (MMF) in 2021 are expected to be at a level higher than that in 2020, with other income expected to be at, or around, 2020 levels. With further prolonged lockdowns in 2021 there will be some cost savings to assist with the impact that the pandemic had on the General Fund in 2020. The trustees have concluded that the company has adequate resources, in the form of unrestricted funds, to continue in operational existence for the foreseeable future and there are no material uncertainties about the company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

All income is included in the Statement of Financial Activities (SoFA) when the Company is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income in the year in respect of which it is received.

Rents receivable is recognised as income in the period with respect to which it relates.

Interest and dividends are recognised as income when receivable.

Grants received which are subject to pre-conditions for entitlement specified by the donor which have not yet been met at the year-end are included in creditors to be carried forward to the following year.

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

Gains on disposal of fixed assets for the Company's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

(b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SoFA category.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(b) Expenditure (continued)

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

Charitable expenditure is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the diocese.

Grants payable are charged to the SoFA in the year when the offer is conveyed to the recipient except those in cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Company, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grants offered subject to such conditions which have not yet been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House.

The Company became VAT registered on 1 December 2019 and deregistered on 31 May 2020. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Employee benefits. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 29).

Deficit funding for the pension schemes to which the Company participates is accrued at current value in creditors, separated between contributions falling due within one year and more than one year.

(c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value in the financial statements. The Company has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repairs of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are carried out to ensure that the carrying value is not less than the recoverable amount in accordance with FRS 102.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Company has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Company is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Diocesan Council therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value.

School properties

Aided schools are the subject either of Trusts for which the Company acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the Dioceses. Accordingly, school properties are not included in these financial statements.

The distribution of the proceeds from the sale of a redundant school may depend on an order of the Department for Education or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the Company in trust. When approval for distribution is eventually granted, the Company's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

Churches closed for public worship are not included in these financial statements because, in the opinion of Bishop's Diocesan Council, they are of negligible value. If a situation arises whereby a church is likely to be an asset rather than a liability, then it will be brought into the financial statements at the appropriate time.

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33¹/₃% on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.

Listed investments are UK listed company shares and are valued at their quoted bid price.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued every 5 years to establish fair value. The last revaluation took place as at 31 December 2020. In the intervening years, the Bishops' Diocesan Council adjust the market value for additions and disposals and such professional advice that may be received if this is material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured as the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 20.

Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount due with the carrying value adjusted to reflect repayments made in subsequent periods.

(e) Other accounting policies

Leasing

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

(f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted income funds and capital endowment funds.

Unrestricted funds are freely available for any purpose within the Company's objects. They include funds which have been set aside by the Bishops' Diocesan Council out of the General Fund for designated purposes.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(f) Fund balances (continued)

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the Company, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment. The Bishop's Diocesan Council has adopted a policy of Total Return in respect of the permanent endowment in line with section 5A of the Diocesan Stipends Funds Measure 1953.

Details of the major funds are given in note 25.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the Company acts as trustee and controls the management and use of the funds, are included in the Company's own financial statements as charity branches. Trusts where the Company acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

(g) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Current year call	4,569,276	-	-	4,569,276
Shortfall in contributions	(1,564,367)	-	-	(1,564,367)
	3,004,909	-	-	3,004,909
Receipts for previous year	42,106	-	-	42,106
	3,047,015	-	-	3,047,015

Current year MMF receipts represent 65.76% of the total call (2020: 63.11%) or, when receipts for previous years are included, 66.69% of the total call (2020: 64.31%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Selective allocations	861,464	-	-	861,464
Contribution to registrar's retainer	44,704	-	-	44,704
	906,168	-	-	906,168

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Allchurches Trust	102,250	-	-	102,250
Strategic Development Funding - Falmouth	-	177,989	-	177,989
Strategic Development Funding – Phase 2	-	257,201	-	257,201
RME	-	103,442	-	103,442
Generous Giving Funding	-	44,096	-	44,096
Strategic Capacity Funding – Governance Review	-	-	-	-
Strategic Ministry Funding	-	102,593	-	102,593
Coronavirus Job Retention Grant	-	23,091	-	23,091
Lambeth Palace Conference	-	(900)	-	(900)
Past Case Review 2	-	-	-	-
Strategic Capacity Funding – On the Way	-	43,194	-	43,194
Contribution towards church schools:				
Department for Education	-	47,205	-	47,205
Donations from individuals	4,570	4,504	-	9,074
Other contributions	10,795	-	-	10,795
	117,615	802,415	-	920,030

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2020

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Current year call	4,689,920	-	-	4,689,920
Shortfall in contributions	(1,729,963)	-	-	(1,729,963)
	2,959,957	-	-	2,959,957
Receipts for previous year	56,256	-	-	56,256
	3,016,213	-	-	3,016,213

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Selective allocations	856,004	-	-	856,004
Contribution to registrar's retainer	43,495	-	-	43,495
	899,499	-	-	899,499

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Allchurches Trust	100,500	-	-	100,500
CEMES grant	-	-	-	-
Strategic Development Funding - Falmouth	-	187,696	-	187,696
Strategic Development Funding – Phase 2	-	135,645	-	135,645
RME	-	129,013	-	129,013
Transition Funding	-	-	-	-
Strategic Capacity Funding – Governance Review	-	13,097	-	13,097
Strategic Ministry Funding	-	39,206	-	39,206
Coronavirus Job Retention Grant	-	19,634	-	19,634
Lambeth Palace Conference	-	900	-	900
Past Case Review 2	-	30,000	-	30,000
Strategic Capacity Funding – Phase 2	-	-	-	-
Contribution towards church schools:				
Department for Education	-	46,551	-	46,551
Donations from individuals	8,227	4,586	-	12,813
Other contributions	13,161	-	-	13,161
	121,888	606,328	-	728,216

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Rents from Parsonage houses	-	255,237	-	255,237
Recoverable costs	-	21,489	-	21,489
Community café income	-	-	-	-
	-	276,726	-	276,726

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Rents from Parsonage houses	-	285,740	-	285,740
Recoverable costs	-	18,067	-	18,067
Community café income	20,746	-	-	20,746
	20,746	303,807	-	324,553

5. Investment income

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Dividends and interest	395,819	22,368	481,543	899,730
Rents:				
Board properties	116,255	-	-	116,255
Glebe estate	-	-	385,118	385,118
Redundant schools	-	36,446	-	36,446
	512,074	58,814	866,661	1,437,549

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Dividends and interest	412,606	19,127	534,714	966,447
Rents:				
Board properties	109,855	-	-	109,855
Glebe estate	-	-	349,417	349,417
Redundant schools	-	36,446	-	36,446
	522,461	55,573	884,131	1,462,165

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised gains on disposal of assets for the charity's own use	1,426	-	11	1,437

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised gains on disposal of assets for the charity's own use	-	-	298,014	298,014

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Glebe: Outgoings	-	-	116,377	116,377
Management charges	-	-	51,771	51,771
Pension scheme interest	1,000	-	-	1,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	129,347	-	-	129,347
	131,040	-	168,148	299,188

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Glebe: Outgoings	-	-	126,421	126,421
Management charges	-	-	47,845	47,845
Pension scheme interest	10,000	-	4,000	14,000
Let vacant parsonages (management charges)	756	-	-	756
Central support costs	139,126	-	-	139,126
	149,882	-	178,266	328,148

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Contributions to Archbishops' Council				
Training for Ministry	157,583	-	-	157,583
National Church responsibilities	110,078	-	-	110,078
Grants and provisions	13,460	-	-	13,460
Mission Agency pension contributions	7,055	-	-	7,055
Retired clergy housing costs (CHARM)	57,973	-	-	57,973
	346,149	-	-	346,149
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,149,318	102,593	-	2,251,911
Pension contributions	633,205	-	-	633,205
Clergy settlements	18,627	-	-	18,627
Home/parish mileage	8,110	-	-	8,110
Sundry clergy related costs	17,412	-	-	17,412
Housing costs	983,800	-	-	983,800
Property management charges	140,688	-	-	140,688
Resettlement and associated costs	78,100	-	-	78,100
Other payments (including CMED)	239,238	-	-	239,238
Central support costs	174,363	-	-	174,363
	4,442,861	102,593	-	4,545,454
Support for ministry and mission				
Mission Fund grants	56,544	-	-	56,544
Diocesan support for ordinands in training	74,216	89,972	-	164,188
Training and development	107,838	523	-	108,361
DMPC functions	145,401	-	-	145,401
Specialist ministries	149,381	20,197	-	169,578
Social Responsibility	23,236	-	-	23,236
Diocesan Advisory Committee	32,331	-	-	32,331
Chancellor's and Registrar's retainers	39,698	-	-	39,698
Faculty fees	11,570	-	-	11,570
Communications	56,929	-	-	56,929
Closed church expenditure	-	27,915	-	27,915
General Synod members' expenses	3,692	-	-	3,692
Central support costs	393,743	-	-	393,743
Movement in lay pension scheme deficit	(89,000)	-	-	(89,000)
Generous Giving Advisors	-	44,096	-	44,096
On the Way	-	43,194	-	43,194
Bad debt provision	150,000	-	-	150,000
Transforming Mission – Falmouth	81,848	190,417	-	272,265
Transforming Mission – Phase 2	172,069	264,369	-	436,438
Governance Review	-	-	-	-
	1,409,496	680,683	-	2,090,179
Expenditure on Education				
Support for church schools and parishes	94,471	151,283	-	245,754
	6,292,977	934,559	-	7,227,536

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Contributions to Archbishops' Council				
Training for Ministry	157,531	-	-	157,531
National Church responsibilities	118,438	-	-	118,438
Grants and provisions	13,237	-	-	13,237
Mission Agency pension contributions	5,909	-	-	5,909
Retired clergy housing costs (CHARM)	56,559	-	-	56,559
	351,674	-	-	351,674
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,220,873	39,206	-	2,260,079
Pension contributions	525,250	-	4,000	529,250
Home/parish mileage	5,577	-	-	5,577
Sundry clergy related costs	14,104	-	-	14,104
Housing costs	1,005,565	-	-	1,005,565
Property management charges	137,133	-	-	137,133
Resettlement and associated costs	86,798	-	-	86,798
Other payments (including CMED)	246,832	-	-	246,832
Central support costs	186,935	-	-	186,935
	4,429,067	39,206	4,000	4,472,273
Support for ministry and mission				
Mission Fund grants	98,635	212	-	98,847
Diocesan support for ordinands in training	52,766	112,572	-	165,338
Training and development	122,072	-	-	122,072
DMPC functions	129,548	-	-	129,548
Specialist ministries	190,635	42,935	-	233,570
Social Responsibility	22,584	-	-	22,584
Diocesan Advisory Committee	32,858	-	-	32,858
Chancellor's and Registrar's retainers	60,795	-	-	60,795
Faculty fees	15,703	-	-	15,703
Communications	88,202	-	-	88,202
Closed church expenditure	-	31,639	-	31,639
General Synod members' expenses	3,760	-	-	3,760
Central support costs	421,678	-	-	421,678
Transforming Mission – Falmouth	170,439	220,588	-	391,027
Transforming Mission – Phase 2	89,947	134,920	-	224,867
Governance Review	-	13,097	-	13,097
	1,499,622	555,963	-	2,055,585
Expenditure on Education				
Support for church schools and parishes	75,625	119,451	-	195,076
	6,355,988	714,620	4,000	7,074,608

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

9. Other resources expended

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised loss on disposal of assets for the charity's own use	11,307	-	-	11,307
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2021 £
Raising funds	169,841	-	129,347	299,188
Charitable activities:				
Contributions to Archbishops' Council	-	346,149	-	346,149
Resourcing parish ministry	4,305,667	65,424	174,363	4,545,454
Support for ministry and mission	1,621,892	74,544	393,743	2,090,179
Education	245,754	-	-	245,754
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6,343,154	486,117	697,453	7,526,724
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2020

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2020 £
Raising funds	189,022	-	139,126	328,148
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	4,186,118	99,220	186,935	4,472,273
Support for ministry and mission	1,526,060	107,847	421,678	2,055,585
Education	195,076	-	-	195,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6,096,276	558,741	747,739	7,402,756
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

11. Analysis of support costs

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2021 £
Central administration	677,785	-	-	-	677,785
Governance:					
External audit	19,668	-	-	-	19,668
Registrar and Chancellor	33,698	-	-	-	33,698
Governance review	-	-	-	-	-
Synodical costs	3,692	-	-	-	3,692
	734,843	-	-	-	734,843

Comparative analysis for 2020

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2020 £
Central administration	730,267	-	-	-	730,267
Governance:					
External audit	17,472	-	-	-	17,472
Registrar and Chancellor	60,795	-	-	-	60,795
Governance review	-	-	13,097	-	13,097
Synodical costs	3,760	-	-	-	3,760
	812,294	-	13,097	-	825,391

The Registrar and Chancellor, Governance Review and Synodical costs are not included in the support costs in note 10.

12. Analysis of grants made

	Number	Individuals £	Institutions £	2021 £	2020 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	346,149	346,149	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	21	53,067	-	53,067	58,121
Doing Church Differently grants	1	-	(675)	(675)	-
Ordinands in training	3	8,209	-	8,209	39,178
Clergy for training	19	4,148	-	4,148	1,921
Mission initiatives in parishes	16	-	57,219	57,219	98,635
	60	65,424	56,544	121,968	197,855
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	212
Overseas mission work	3	-	18,000	18,000	9,000
	3	-	18,000	18,000	9,212
	68	65,424	420,693	486,117	558,741

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2020

	Number	Individuals £	Institutions £	2020 £	2019 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	351,674	351,674	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	23	58,121	-	58,121	81,659
Doing Church Differently grants	-	-	-	-	-
Ordinands in training	6	39,178	-	39,178	79,673
Clergy for training	6	1,921	-	1,921	5,280
Mission initiatives in parishes	13	-	98,635	98,635	86,959
	48	99,220	98,635	197,855	253,571
From restricted funds for various purposes:					
Mission initiatives in parishes	1	-	212	212	18,771
Churches Together organisations	-	-	-	-	4,198
Education	-	-	-	-	21,856
Overseas mission work	2	-	9,000	9,000	-
	3	-	9,212	9,212	44,825
	56	99,220	459,521	558,741	650,070

13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	804,523	(804,523)	-
Payments to acquire property	-	(102,577)	102,577
Receipts from sale of property	-	11	(11)
Total Return spend	21,443	-	(21,443)
	825,966	(907,089)	81,123
Comparative analysis for 2020			
	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	838,296	(838,296)	-
Payments to acquire property	-	(66,238)	66,238
Receipts from sale of property	-	1,010,368	(1,010,368)
Total Return spend	316,719	-	(316,719)
	1,864,880	105,834	(1,970,714)

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

14. Other gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Revaluation of land and buildings	1,673,000	-	5,631,980	7,304,980

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Revaluation of land and buildings	1,088,918	-	3,697,514	4,786,432

15. Net movement in funds

	2021 £	2020 £
This is stated after charging:		
Staff costs (note 16)	1,491,005	1,445,398
Redundancy costs	2,903	-
Auditors' remuneration - audit fee	16,390	14,560
- other services	-	675
Realised losses on disposals of tangible fixed assets	-	11,307
Operating leases - land and buildings	53,200	53,200
- other	5,558	7,071
Depreciation of tangible fixed assets	9,743	9,409
Interest payable (note 17)	-	366
	2021 £	2020 £
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	1,437	298,014
Realised gains on disposals of investment fixed assets	1,616,903	50,000

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,243,340	1,208,940
Social security costs	113,717	107,040
Pension contributions	141,641	129,418
	<u>1,491,005</u>	<u>1,445,398</u>

The average number of persons employed during the year:

	2021	2020
Administration and financial management	14	14
Communications	1	2
Discipleship & Ministry, Stewardship	16	13
Safeguarding & inclusion	4	3
Education	2	2
Transforming Mission	11	14
	<u>48</u>	<u>48</u>

The average number of persons employed during the year based on full time equivalents:

	2021	2020
Administration and financial management	12.2	11.4
Communications	1.1	1.3
Discipleship & Ministry, Stewardship	10.5	9.2
Safeguarding & inclusion	2.7	2.5
Education	2.4	2.1
Transforming Mission	8.8	9.2
	<u>37.7</u>	<u>35.7</u>

Remuneration of higher paid employees were as follows:

	2021 £	2020 £
£60,001 - £70,000	2	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2021 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director for Ministry	Jonathan Rowe
Director of Education and Discipleship	Katie Fitzsimmons
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £300,086 (2020: £322,115). Expenses were £985 (2020: £1,738).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The wife of a member of BDC is an employee of the charity. The total remuneration for the year was £37,119 (2020: £37,130).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 7 Trustees (2020: 3) received travelling and out of pocket expenses, totalling £6,362 (2020: £6,059) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the Company during the year:

	Stipend	Housing
The Rt Revd H Nelson	No	Yes
The Ven K Betteridge	Yes	Yes
The Ven P Bryer	Yes	Yes
The Revd. J S Thorold	Yes	Yes
The Revd. C McQuillen-Wright	Yes	Yes
The Revd. L Parker	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. S Morgan	Yes	Yes
The Revd. B Morgan Lundie	Yes	Yes
The Revd. P Holley	Yes	Yes

The Company is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The Company is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The Company paid an average of 77 (2020: 78) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £	2020 £
Stipends	2,117,273	2,126,367
National insurance contributions	170,443	173,909
Pension costs	673,222	559,586
Apprenticeship Levy	9,694	9,796
	2,970,633	2,869,658

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £38,265 - £49,198 (2020 range £38,265 - £49,198). The annual rate of stipend, funded by the Company, paid to Archdeacons in 2020 was in the range £35,909 - £42,333 (2020 range £35,909 - £42,333) and other clergy who were Trustees were paid in the range £26,793 - £30,179 (2020 range £26,793 - £30,179).

17. Interest payable and similar charges

	2021 £	2020 £
Late payment	-	366

18. Taxation

The Company is a registered charity and is not liable to UK corporation tax.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

19. Tangible fixed assets

19.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2021	11,236,768	39,562,466	50,799,234
Additions	-	102,577	102,577
Disposals	-	-	-
Revaluation adjustment	1,673,000	5,631,980	7,304,980
Transfer	-	-	-
At 31 December 2021	12,909,768	45,297,023	58,206,791

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses which are vested in the incumbent. Land and buildings at 31 December 2021 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2021	9,414,984	13,161,488	22,576,472
Additions	-	102,577	102,577
Disposals	-	-	-
Transfer	-	-	-
At 31 December 2021	9,414,984	13,264,065	22,679,049

19.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2021	28,218
Additions	-
At 31 December 2021	28,218
<i>Depreciation</i>	
At 1 January 2021	23,500
Charge for year	1,336
At 31 December 2021	24,836
<i>Net book value</i>	
At 31 December 2021	3,382
At 31 December 2020	4,718

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

19. Tangible fixed assets (continued)

19.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2021	95,974
Additions	2,083
Disposals	-
At 31 December 2021	98,057
<i>Depreciation</i>	
At 1 January 2021	72,602
Disposals	-
Charge for year	8,407
At 31 December 2021	81,009
<i>Net book value</i>	
At 31 December 2021	17,048
At 31 December 2020	23,272

19.4 Total tangible fixed assets

	2021 £	2020 £
<i>Net book value</i>		
Freehold land and buildings	58,206,791	50,799,234
Leasehold premises	3,382	4,718
Office equipment	17,048	23,372
	58,227,221	50,827,324

20. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2021	16,610,000	1,000,508	27,753,709	45,364,217
Additions	89,134	10,760,358	1,000,000	11,849,492
Disposals	(392,500)	-	(10,525,367)	(10,917,867)
Revaluation adjustment	1,138,366	337,617	2,747,814	4,223,797
Transfer	-	-	-	-
At 31 December 2021	17,445,000	12,098,483	20,976,156	50,519,639

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the directors accordingly.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

20. Fixed asset investments (continued)

Listed investments substantially comprise shares in funds managed by Sarasin and Cazenove. Unlisted investments substantially comprise shares in funds managed by The CBF Church of England Funds.

21. Debtors

	2021 £	2020 £
<i>Amounts falling due within one year</i>		
Trade debtors	-	88,478
Concessionary loans to parishes and others	48,000	65,157
Other debtors including prepayments and accrued income	736,131	520,392
	784,131	674,027
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	73,000	155,500
	857,131	829,527

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £10,000 (2020: £75,000). The repayment terms of the loans range from 6 months to 7 years.

22. Cash at bank and in hand

	2021 £	2020 £
The CBF Church of England Deposit Fund	4,851,027	5,165,340
COIF Charities Deposit Fund	327,583	306,645
Barclays Bank PLC	25,592	21,872
National Westminster Bank PLC	858,027	945,299
Savills Client Account	135,663	120,742
Cash in hand	639	749
	6,198,531	6,560,647
Less: attributable to local trust funds	(824,959)	(854,305)
	5,373,572	5,706,342

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	246,033	208,628
Other creditors (including taxation and social security)	34,142	26,703
Accruals and deferred income (note 24)	661,982	660,509
Pension scheme liabilities (note 29)		
Clergy Pension Scheme	142,000	142,000
Lay Defined Benefit Scheme	38,000	38,000
	<u>1,122,157</u>	<u>1,075,840</u>

24. Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	412,272	545,285
Deferred income at 1 January 2021	545,285	270,239
Released from previous years	(231,117)	(77,310)
Resources deferred in the year	98,104	352,356
Deferred income as at 31 December 2021	<u>412,272</u>	<u>545,285</u>

Included within deferred income of £412,272 (2020: £545,285) are the following balances: £55,972 (2020: £48,591) in respect of glebe deferred income, £82,066 (2020: £65,637) in respect of glebe service charges, £156,579 (2020: £156,579) received in advance of entitlement and £90,939 (2020: £244,056) received on behalf of schools.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed

25.1 Summary of fund movements

At 31 December 2021:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	2,229,771	4,850,769	(6,106,883)	144,741	805,949	1,924,347
<i>Designated funds:</i>						
Board Houses Fund	11,236,768	-	1,426	1,673,000	(1,426)	12,909,768
Church House Fund	522,031	-	(43,200)	-	-	478,831
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	251,018	-	(81,848)	-	-	169,170
Transforming Mission – Phase 2	598,486	-	(172,069)	-	-	426,417
Mission grants	-	-	(21,443)	-	21,443	-
	<u>14,839,574</u>	<u>4,850,769</u>	<u>(6,424,017)</u>	<u>1,817,741</u>	<u>825,966</u>	<u>15,910,033</u>
Restricted funds						
Pastoral Account	11,523,611	276,726	(27,915)	1,431,373	(907,089)	12,296,706
Diocesan Council for Mission & Unity	67,371	4,661	(18,065)	-	-	53,967
Education Trusts	1,039,017	105,862	(150,720)	128,241	-	1,122,400
Mission Fund	26,972	-	-	-	-	26,972
RME	14,253	103,442	(89,972)	-	-	27,723
Strategic Development Fund - TMF	21,099	177,989	(175,514)	-	-	23,574
Strategic Development Fund – Phase 2	725	257,201	(258,103)	-	-	(177)
Strategic Capacity Fund – On the Way	-	43,194	(43,194)	-	-	-
Strategic Ministry Fund	-	102,593	(102,593)	-	-	-
Generous Giving Fund	-	44,096	(44,096)	-	-	-
Coronavirus Job Retention Grant	-	23,091	(23,091)	-	-	-
Lambeth Conference	900	(900)	-	-	-	-
Past Case Review 2	-	-	-	-	-	-
Bishop Phillpotts Library	14,288	-	(1,296)	-	-	12,992
Bishop Phillpotts Prize Fund	6,534	-	-	17	-	6,551
	<u>12,714,770</u>	<u>1,137,955</u>	<u>(934,559)</u>	<u>1,559,631</u>	<u>(907,089)</u>	<u>13,570,708</u>
Expendable endowment						
Parsonage Houses Fund	39,562,466	11	-	5,631,980	102,566	45,297,023
Permanent endowment						
Stipends Fund Capital Account	34,157,121	866,661	(168,148)	4,136,327	(21,443)	38,970,518
	<u>73,719,587</u>	<u>866,672</u>	<u>(168,148)</u>	<u>9,768,307</u>	<u>81,123</u>	<u>84,267,541</u>
Total endowments						
Total	<u>101,273,931</u>	<u>6,855,396</u>	<u>(7,526,724)</u>	<u>13,145,679</u>	<u>-</u>	<u>113,748,282</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.2 Prior year comparative summary of fund movements

At 31 December 2020:

Company	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	3,432,531	4,824,364	(6,145,951)	(221,076)	339,903	2,229,771
<i>Designated funds:</i>						
Board Houses Fund	10,510,268	-	(11,307)	1,088,918	(351,111)	11,236,768
Church House Fund	565,231	-	(43,200)	-	-	522,031
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	-	-	(149,693)	-	400,711	251,018
Transforming Mission – Phase 2	-	-	(89,947)	-	688,433	598,486
Mission grants	-	-	(77,079)	-	77,079	-
	14,509,530	4,824,364	(6,517,177)	867,842	1,155,015	14,839,574
Restricted funds						
Pastoral Account	10,576,926	303,807	(31,639)	568,683	105,834	11,523,611
Diocesan Council for Mission & Unity	71,832	4,586	(9,047)	-	-	67,371
Education Trusts	987,635	102,124	(119,451)	68,709	-	1,039,017
Mission Fund	27,184	-	(212)	-	-	26,972
RME	(2,188)	129,013	(112,572)	-	-	14,253
Strategic Development Fund - TMF	34,357	187,696	(200,954)	-	-	21,099
Strategic Development Fund – Phase 2	-	135,645	(134,920)	-	-	725
Strategic Capacity Fund – Governance Review	-	13,097	(13,097)	-	-	-
Strategic Ministry Fund	-	39,206	(39,206)	-	-	-
Coronavirus Job Retention Grant	-	19,634	(19,634)	-	-	-
Lambeth Conference	-	900	-	-	-	900
Past Case Review 2	-	30,000	(30,000)	-	-	-
Bishop Phillpotts Library	18,176	-	(3,888)	-	-	14,288
Bishop Phillpotts Prize Fund	6,483	-	-	51	-	6,534
	11,720,405	965,708	(714,620)	637,443	105,834	12,714,770
Expendable endowment						
Parsonage Houses Fund	37,022,377	298,014	-	3,697,514	(1,455,439)	39,562,466
Permanent endowment						
Stipends Fund Capital Account	32,924,866	884,131	(182,266)	335,800	194,590	34,157,121
Total endowments	69,947,243	1,182,145	(182,266)	4,033,314	(1,260,849)	73,719,587
Total	96,177,178	6,972,217	(7,414,063)	5,538,599	-	101,273,931

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds

Unrestricted funds

The General Fund supports the day to day activities of the Company.

The Board House Fund is represented by the book value of board properties. Additions to and disposals from the Fund are financed by or credited to the General Fund respectively.

The following other funds have been set aside by the directors for purposes which the directors themselves have designated:

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the new office premises at Church House.

The Densham Loan Fund originated from a bequest given to the Company in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars. The responsibility for car loans was assumed by the Church Commissioners in 1988 but the fund is still reserved for this purpose and has been used in the past to assist a non-stipendiary minister.

The Transforming Mission Funds are for the Company's contributions to assist with financing the Transforming Mission project in Falmouth, Camborne, Truro, St Austell and Liskeard. There is a restricted fund which is funded by the Archbishops Council.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £6.9m is ringfenced pending pastoral reorganisations.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub committee of the company) for the purposes of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Mzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Mzimvubu).

The Diocese of Truro Education Trusts are governed by Schedule 36 of the Education Act 1996. The fund mainly represents the unspent sale proceeds of redundant Church of England school properties. The objects of the trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

The Mission Fund is for the specific purposes of investment in new mission initiatives which are not included in deanery plans.

Resourcing Ministerial Education (RME) is an age related block grant, received from the Archbishops Council to fund the training of ordinands in the diocese.

The Strategic Development Fund TMF (Transforming Mission Falmouth) restricted fund is grant funding received from the the Archbishops Council to assist with financing the Transforming Mission project in Falmouth. There is an unrestricted fund which is funded by TDBF.

The Strategic Development Fund TM (Transforming Mission) Phase 2 is grant funding received from the Archbishops Council to assist with financing the Transforming Mission project in Camborne, Truro, St Austell and Liskeard. There is an unrestricted fund which is funded by TDBF.

The Strategic Capacity Fund – On the Way is grant funding received from the Archbishops Council to assist in funding the On the Way work.

The Strategic Capacity Fund – Governance Review is grant funding received from the Archbishops Council to review the governance of the Company.

The Strategic Ministry Fund is grant funding received from the Archbishops Council to assist with financing curates.

The Generous Giving Fund is grant funding received from the Archbishops Council to assist with financing Generous Giving Advisors.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds (continued)

Coronavirus Job Retention Grant is grant funding received from the Government to assist with paying employees' wages who are furloughed.

Past Case Review 2 (PCR2) grant is funding received from the Archbishops Council to assist with financing the costs associated with the PCR2 review.

Bishop Phillpotts Library may be used to fund the resource of the library which is located at the Old Cathedral School in Truro.

Bishop Phillpotts' Prize Fund may be used to award school prizes in religious education.

Endowment funds

The Parsonage Houses Fund is represented by the book value of parsonage houses and team vicarages. Additions to and disposals from the Fund are financed by or credited to the Pastoral Account respectively.

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992. Following Charity Commission approval of a total return approach to investments, the Trustees may transfer to income all or part of the unapplied total return.

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2020	8,614,229	24,788,512	33,402,741
Movements in the year:			
Investment return: dividends and interest	-	884,131	884,131
Investment return: unrealised gains	-	335,800	335,800
Investment return: fund raising costs	-	(174,266)	(174,266)
Funding of clergy pension deficit contributions	-	(197,841)	(197,841)
Transfer from Stipends Fund Capital Account to designated fund	-	(316,719)	(316,719)
Indexation on base value of investment	55,576	(55,576)	-
Transfer from parsonage to Stipends Fund Capital Account	-	511,309	511,309
Net movements in 2020	55,576	986,838	1,042,414
At 1 January 2021	<u>8,669,805</u>	<u>25,775,350</u>	<u>34,445,155</u>
Movements in the year:			
Investment return: dividends and interest	-	866,661	866,661
Investment return: unrealised gains	-	4,136,327	4,136,327
Investment return: fund raising costs	-	(168,148)	(168,148)
Funding of clergy pension deficit contributions	-	(144,469)	(144,469)
Transfer from Stipends Fund Capital Account to designated fund	-	(21,443)	(21,443)
Indexation on base value of investment	468,423	(468,423)	-
Net movements in 2021	468,423	4,200,505	4,668,928
At 31 December 2021			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	3,374,237	-	3,374,237
Unapplied total return	-	29,975,855	29,975,855
	<u>9,138,228</u>	<u>29,975,855</u>	<u>39,114,083</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.4 Analysis of net assets between funds

At 31 December 2021:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	20,430	884,836	1,123,640	(104,559)	1,924,347
<i>Designated funds:</i>					
Board Houses Fund	12,909,768	-	-	-	12,909,768
Church House Fund	-	-	478,831	-	478,831
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission – Falmouth	-	-	169,170	-	169,170
Transforming Mission – Phase 2	-	-	426,417	-	426,417
Mission grants	-	-	-	-	-
	<u>12,930,198</u>	<u>884,836</u>	<u>2,199,558</u>	<u>(104,559)</u>	<u>15,910,033</u>
Restricted funds					
Pastoral Account	-	10,580,737	1,715,969	-	12,296,706
Diocesan Council for Mission & Unity	-	-	53,967	-	53,967
Education Trusts	-	1,069,444	52,956	-	1,122,400
Mission Fund	-	-	26,972	-	26,972
RME	-	-	27,723	-	27,723
Strategic Development Fund – TMF	-	-	23,574	-	23,574
Strategic Development Fund – Phase 2	-	-	(177)	-	(177)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	-	-	-
Past Case Review 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	12,992	-	12,992
Bishop Phillpotts' Prize Fund	-	948	5,603	-	6,551
	<u>-</u>	<u>11,651,129</u>	<u>1,919,579</u>	<u>-</u>	<u>13,570,708</u>
Expendable endowment					
Parsonage Houses Fund	45,297,023	-	-	-	45,297,023
Permanent endowment					
Stipends Fund Capital Account	-	37,983,674	989,409	(2,565)	38,970,518
	<u>45,297,023</u>	<u>37,983,674</u>	<u>989,409</u>	<u>(2,565)</u>	<u>84,267,541</u>
Total endowments					
	<u>45,297,023</u>	<u>37,983,674</u>	<u>989,409</u>	<u>(2,565)</u>	<u>84,267,541</u>
Total	<u>58,227,221</u>	<u>50,519,639</u>	<u>5,108,546</u>	<u>(107,124)</u>	<u>113,748,282</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.5 Prior year comparative summary of fund movements

At 31 December 2020:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	28,090	746,388	1,686,898	(231,605)	2,229,771
<i>Designated funds:</i>					
Board Houses Fund	11,236,768	-	-	-	11,236,768
Church House Fund	-	-	522,031	-	522,031
Intern Programme	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission - Falmouth	-	-	251,018	-	251,018
Transforming Mission – Phase 2	-	-	598,486	-	598,486
Mission grants	-	-	-	-	-
	<u>11,264,858</u>	<u>746,388</u>	<u>3,059,933</u>	<u>(231,605)</u>	<u>14,839,574</u>
Restricted funds					
Pastoral Account	-	9,230,630	2,292,981	-	11,523,611
Diocesan Council for Mission & Unity	-	-	67,371	-	67,371
Education Trusts	-	941,203	97,814	-	1,039,017
Mission Fund	-	-	26,972	-	26,972
RME	-	-	14,253	-	14,253
Transition Funding	-	-	-	-	-
CEMES Grant	-	-	-	-	-
Strategic Development Fund - Falmouth	-	-	21,099	-	21,099
Strategic Development Fund – Phase 2	-	-	725	-	725
Strategic Capacity Fund – Governance Review	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	900	-	900
Past Case Review 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	14,288	-	14,288
Bishop Phillpotts' Prize Fund	-	841	5,693	-	6,534
	<u>-</u>	<u>10,172,674</u>	<u>2,542,096</u>	<u>-</u>	<u>12,714,770</u>
Expendable endowment					
Parsonage Houses Fund	39,562,466	-	-	-	39,562,466
Permanent endowment					
Stipends Fund Capital Account	-	34,445,155	(142,000)	(146,034)	34,157,121
Total endowments	<u>39,562,466</u>	<u>34,445,155</u>	<u>(142,000)</u>	<u>(146,034)</u>	<u>73,719,587</u>
Total	<u>50,827,324</u>	<u>45,364,217</u>	<u>5,460,029</u>	<u>(377,639)</u>	<u>101,273,931</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

26. Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	1,821,784	-	5,631,980	-	7,453,764
Parsonage Houses Fund	26,400,978	-	1,673,000	-	28,073,978
	28,222,762	-	7,304,980	-	35,527,742
Comparative analysis for 2020					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	678,201	-	1,088,918	54,665	1,821,784
Parsonage Houses Fund	23,572,429	(502,051)	3,697,514	(366,914)	26,400,978
	24,250,630	(502,051)	4,786,432	(312,249)	28,222,762

27. Capital commitments

	2021 £	2020 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	56,904	62,058
Repairs to properties	121,427	19,051
	178,331	81,109

Private Finance Initiative (PFI) payments are due in half-yearly instalments. The payments cover the Company (through the Diocese of Truro Education Trusts) share of the building costs, the costs of financing the scheme and a small share of ongoing maintenance costs. The amounts shown are the total costs over the period of the scheme.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Land and buildings		
Within one year of the balance sheet date	52,467	53,200
In the second to fifth years inclusive of the balance sheet date	78,000	130,467
Beyond 5 years of the Balance Sheet date		
	130,467	183,667
Other operating leases		
Within one year of the balance sheet date	4,555	5,558
In the second to fifth years inclusive of the balance sheet date	-	4,555
	4,555	10,113

29. Pensions

Clergy

The Company participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means 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 (2021: £673,222, 2020: £559,586), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £673,222 for 2021 (2020: £567,586).

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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2% per annum;
- Retail Price Index inflation of 3.4% per annum (and pension increases consistent with this);
- increase in pensionable stipends of 3.4% per annum; and
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the Balance Sheet liability over 2020 and over 2021 is set out in the table below:

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

	2021 £	2020 £
Balance sheet liability at 1 January	288,034	517,679
Deficit contribution paid	(144,469)	(237,645)
Interest cost (recognised in SoFA)	-	4,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	4,000
Balance Sheet liability at 31 December	143,565	288,034

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0% p.a.	0.2% p.a.	1.1% p.a.
Price inflation	n/a.	3.1% p.a.	2.8% p.a.
Increase to total pensionable payroll	-1.5% p.a.	1.6% p.a.	1.3% p.a.

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

Lay

The Company participates in the Church Workers Pension Fund (CWPF) which 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.

Defined Benefit Scheme (DBS)

The Company participates in the DBS section of the 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 DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £22,059, 2020: £34,796), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £65,941 for 2021 (2020: charge of £48,796).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

The next valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 45.2% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £38,046 per year have been agreed for 4.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2021 £	2020 £
Balance sheet liability at 1 January	269,605	293,651
Deficit contribution paid	(38,046)	(38,046)
Interest cost (recognised in SoFA)	1,000	4,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(89,000)	10,000
Balance Sheet liability at 31 December	143,559	269,605

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

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

	December 2021	December 2020	December 2019
Discount rate	1.40%	0.50%	1.40%

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

Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the Company participates in the PBS section of the 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 PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The Company does not have any members in the Pension Builder 2014 scheme.

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. Discretionary increases may also be added, depending upon the investment returns and other factors.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means 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 (2021: £119,582, 2020: £94,622).

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 2019. The next valuation is due as at 31 December 2022.

For the Pensions Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements to the funding position over 2021. There is no requirement for deficit payments at the current time.

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

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

Balance Sheet reconciliation

	2021 £	2020 £
Clergy pension liability at 31 December	143,565	288,034
Lay pension liability at 31 December	143,559	269,605
Total pension liability at 31 December	287,124	557,639
Creditors: amounts falling due within one year	180,000	180,000
Creditors: amounts falling due after more than one year	107,124	377,639

30. Transactions with directors

The directors derive no financial benefit for their services as directors other than the re-imbursement of their out-of-pocket expenses. In 2021, 7 directors were paid £6,362 (2019: 3 directors £6,059). However, of the directors listed on page 13, the Company also remunerated the Archdeacons, the Chairman of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

The Company enters into transactions, on a regular basis, with other autonomous organisations within the Church of England e.g. parishes (including the Cathedral), the Archbishops' Council and the Church Commissioners. From time to time, certain directors may serve on committees of other bodies, or on the General Synod. It is not considered appropriate to report the detail of such transactions since no individual or group of individuals so serving has any significant influence over any material transactions.

31. Funds held on behalf of others

The Company is custodian trustee for the following investment assets held on behalf of Parochial Church Councils in accordance with the Parochial Church Councils (Powers) Measure 1956.

	2021 £	2020 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	5,254,246	4,487,471
	5,459,446	4,692,671
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,212,033	2,076,259
	2,218,233	2,082,459

The TDBF also acts as custodian trustee in relation to PCC property. These assets are held separately to those of the TDBF.

The Company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2021, the Company held £194,412 (2020: £193,169) in designated bank accounts separate from those of the Company.

32. Contingent liability

The Company has agreed, in principle, to act as guarantor for a commercial loan which in the event that the clauses of the loan agreement aren't met and the PCC cannot repay the funds the Company will be called upon to repay it.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

33. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Income and endowments from:				
Donations:				
Parish contributions	3,016,213	-	-	3,016,213
Archbishops' Council	899,499	-	-	899,499
Other	121,888	606,328	-	728,216
Charitable activities – statutory fees etc	243,557	-	-	243,557
Other activities	20,746	303,807	-	324,553
Investments	522,461	55,573	884,131	1,462,165
Other	-	-	298,014	298,014
Total	4,824,364	965,708	1,182,145	6,972,217
Expenditure on:				
Raising funds	149,882	-	178,266	328,148
Charitable activities	6,355,988	714,620	4,000	7,074,608
Other resources expended	11,307	-	-	11,307
Total	6,517,177	714,620	182,266	7,414,063
Net incoming resources before realised gains	(1,692,813)	251,088	999,879	(441,846)
Net gains on investment assets	(221,076)	637,443	335,800	752,167
Net incoming resources before transfers	(1,913,889)	888,531	1,335,679	310,321
Transfer between funds	1,155,015	105,834	(1,260,849)	-
Net income for the year	(758,874)	994,365	74,830	310,321
Unrealised gains on revaluation	1,088,918	-	3,697,514	4,786,432
Net movement in funds	330,044	994,365	3,772,344	5,096,753
Fund balances at 1 January 2020	14,509,530	11,720,405	69,947,243	96,177,178
Fund balances at 31 December 2020	14,839,574	12,714,770	73,719,587	101,273,931

TDBF accounts 2021

Final Audit Report

2022-05-06

Created:	2022-05-05
By:	Kate Cortez (kate.cortez@truro.anglican.org)
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Accounts

Company Registration No. 00049825
Charity No. 248330

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2020

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

I cry to you O Lord for help, and you have healed me

2020 brought colossal challenges to the life of the church and to the Trustees of the Truro Diocesan Board of Finance (TDBF). The underlying reality is that the Covid-19 pandemic has had and continues to have a serious impact.

There are four financial "headlines" in this report:

Fall in MMF income

Income from MMF dropped dramatically in 2020 with the Truro Diocesan Board of Finance (TDBF) showing the worst performance of any diocese. It fell by £523k when compared to the 2019 income, which is a 14.78% decrease. It has fallen by almost £900k, 23%, since 2017.

54 parishes paid their call in full which is also a fall from 2019 levels when 88 paid in full, and 10 parishes didn't contribute anything an increase from 2 in 2019. These are concerning numbers and work has started on addressing this: see Plans for the future on page 7.

Controlled expenditure and use of reserves

The TDBF made strategic decisions in response to the financial challenges of the year which included:

- not to reduce expenditure by wide ranging emergency cost-cutting among clergy and lay posts;
- to maintain spending on parsonage repair and maintenance as far as Covid-19 restrictions would allow;
- to make funds available for emergency parish loans and
- to resource and accelerate planning for a balanced budget.

The trustees of the TDBF used the principle that the Company's strong reserves allow time to change but not permission to stay the same, which enabled the above decisions to be made.

Financial impact of Covid-19

It is hard to know with any certainty how much of the fall in both income and expenditure is purely due to Covid-19, but we believe the financial impact was in the region of £500k, being a fall in income of £675k against which cost savings of £175k were made.

The value of our properties has increased

The property market in Cornwall has been strong during 2020 and this has resulted in a 11.5% increase in the value of our property portfolio during the year, which equates to an unrealised gain of £4,786k.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2020.

The directors / trustees are one and the same and in signing as trustees they are also signing the directors' report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a directors' report of a charitable company; and
- a trustees' annual report under the Charities Act 2011.

Legal Objects

The overall objects of the TDBF are to promote the work of the Church of England in the Diocese of Truro and to act as a good steward of the resources entrusted to it.

The principal objects set out in the company's Articles of Association are:

- to promote and assist the work, objects and purposes of the Church of England for the advancement of the Christian religion in the Diocese of Truro, and in particular to organise and provide funds in aid of the work of the Church including:
 - training for ministry;
 - maintenance and financial support and assistance of ministry;
 - provision of pensions for the clergy and for lay workers;
 - overseeing the various properties used by the wider church, including churches, church halls, clergy houses and other buildings;
 - providing religious education through Church of England schools and colleges as well as elsewhere; and
 - financing the diocesan and central organisation;

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Legal Objects (continued)

The Truro Diocesan Board of Finance has the following statutory responsibilities:

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The strategic priorities of the company are established by the Diocesan Synod in communication with Deanery Synods, PCCs, and the Bishop of Truro (in respect of his responsibility for the provision of the cure of souls). To this end, significant time and effort is committed to communication between and with these bodies, as well as with the church nationally.

Vision, Aims and Objectives

Our overarching vision in this diocese remains that of Discovering God's Kingdom, Growing the Church.

During 2020, the trustees of the TDBF, working as the Bishop's Diocesan Council (BDC), endorsed a paper that was to become The Saints' Way – a theology and strategy of diocesan mission. It describes priorities and commitments for the diocese:

- celebrating children and young people;
- embracing an innovative and pioneering culture;
- confident in our calling;
- strong international links;
- rejoicing in the generosity of God;
- serve the poor; and
- care for the earth.

These priorities were published and promoted across the diocese during 2020 particularly at Diocesan Synod and Roadshows.

The business model for the Board of Finance in 2020 continued to be relatively simple:

- we sought to move towards balancing the cost of ministry with income from parishes in the form of MMF payments;
- the ongoing imbalance between cost of ministry and MMF was funded from investments and from grant funding, mainly from the Church Commissioners;
- the investment and property portfolio was managed in line with the various statutory and trust obligations that relate to different parts of it; and
- trustees used "Total Return" to release capital for investment in growth at parish level. The company, through the trustees, seeks and continues to receive additional grant funding from the Church Commissioners and others to support growth.

Activities and achievements during the year

The Saints' Way was launched, as reported in the Vision, Aims and Objectives. The pandemic impacted the capacity of stakeholders to promote the priorities and commitments in the Saints' Way. The decision making responding to the challenges presented by the pandemic were, however, influenced by them, including the decisions to sustain our work to care for the earth and to continue to resource the work of the ministry and parish support teams at Church House.

The Governance Review was completed in 2020 with all recommendations agreed by BDC and necessary formal approvals received and approved by Diocesan Synod in September 2020.

Core functions of the TDBF were maintained during 2020 despite the pandemic with the majority of work taking place remotely since the start of the first lockdown in March 2020.

Key strategic decisions taken by trustees in 2020 were:

- to maintain clergy and lay posts;
- to maintain expenditure on the property portfolio;
- to make funding available to parishes to assist with the financial impact of the pandemic;

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Activities and achievements during the year (continued)

- to commit to a fruitful and sustainable diocese;
- to commit to achieving a balanced budget;
- to commit to the net zero 2030 General Synod motion of February 2020;
- to increase further the diocesan safeguarding provision, having approved the safeguarding strategy and;
- to commit to a review of how the Lowest Income Communities funding (LICF) is used in the diocese.

Public benefit

The trustees believe that, by promoting the work of the Church of England in the Diocese of Truro, the Diocesan Board of Finance helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are aware of the Charity Commission's published guidance on the public benefit requirement in general and more particularly in the Advancement of Religion for the Public Benefit and have had regard to it in their administration of the Truro Diocesan Board of Finance.

The Christian Presence

The Company endeavours to maintain a Christian presence in every community. Clergy form a central part in the life of churches in the Truro Diocese and carry out important roles in communities.

While the Truro Diocesan Board of Finance is responsible for funding of clergy stipend costs, the national clergy payroll is administered by the Archbishops' Council, a charity which the Truro Diocesan Board of Finance reimburses monthly for the costs of stipendiary clergy deployed in the Diocese. Caring for the clergy, curates, readers, local worship leaders and local pastoral ministers in the diocese is a priority of the Truro Diocesan Board of Finance and ministry costs represent by far its largest financial commitment.

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry:

	<u>2020</u>	<u>2019</u>
Stipendiary priests	62	66
Self-supporting priests	13	12
'House for Duty' priests	6	6
Stipendiary curates	18	14
Self-supporting curates	11	11
Readers	112	116
Priests with Permission to Officiate (incl retired and non-retired)	161	170
Local Worship Leaders	269	331
Local Pastoral Ministers	253	305

Work with schools

The ambition for the Diocesan Board of Education (DBE) remains "becoming a significant partner for raising standards in schools in Cornwall and the Isles of Scilly" and the work of the education team with schools and multi academy trust has continued to focus on this. The DBE does this work by promoting the Church of England "Vision for Education." The ambition and the vision are for all schools in Cornwall, including but not only the 44 church schools.

Work focusses on the areas of leadership and governance and is broad, including the development of important relationships in system leadership in support of our schools. Funding has been made available for the professional development of teachers and school leaders through a range of support including a post graduate Masters level programme with Marjon University Cornwall and professional qualifications in headship via the Church of England Foundation for Educational Leadership. Support has been given to teacher development in the delivery of high quality RE and for the delivery of Understanding Christianity training for teachers from all schools across the diocese.

Much of the focus has been on pastoral support for school staff and school leaders. This has included the series of virtual heads reflection spaces, funding the headship support programme from Cornwall Association of Primary Heads (CAPH) and funding wellbeing sessions for all school staff through Mindfit, a local organisation. Work has been carried out with Newly Qualified Teachers across the diocese and in providing extensive governance support and guidance. The Diocesan Director of Education

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Work with schools (continued)

(DDE) gives ongoing support and guidance to heads and trusts, as well as linking to resources from the national DDE network and lobbying as the voice of schools locally, regionally and nationally.

Volunteers

The diocese continues to remain heavily dependent on the huge number of people involved in church activities at parish, at deanery and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis. Within this context, the TDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the mission of the diocese.

Plans for the future

In response to the impact on the diocese of Covid-19, the trustees are planning for a church that is different, not a simple restoration of the church that was.

When the 2021 TDBF budget was presented to the Diocesan Synod in November 2020 it was approved on the understanding that a significant change was needed. The 2021 operating budget deficit is £1.3m, with an overall budget deficit of £2m, and this is not sustainable.

This prompted a piece of work which resulted in On the Way. On the Way will work with deaneries who will be given the support of advisors to work closely with the Rural Dean to enable the church communities and those that they serve to dream, pray and plan for the future. The destination being sought is fruitful and sustainable. The trustees know that this goal will not be reached by writing a strategy for fruitfulness and sustainability, which is then given to churches to put into action. The Holy Spirit is much more likely to be at work in and around local communities, and the fruitful and sustainable future being longed for is most likely to be discerned by local churches, working together in deaneries, seeking the Spirit and looking to join in.

Alongside the On the Way work another piece of work has been progressing on establishing how the Lowest Income Communities (LICF) funding can be used differently within the diocese to try and ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. Since year end a firm decision has been made by BDC to allocate the LICF differently and this will be an integral part of the On the Way process.

The principles behind the current arrangements for MMF will be reviewed in 2021.

It is hoped that with all of these changes the 2022 budget will show a more sustainable financial projection with a reduced deficit and the vision is that the 2023 operating budget will be balanced. This is a very challenging ambition but the trustees are hopeful this can be achieved.

Financial Review

Financial performance

The SOFA for the year shows total income of £6,972k (2019: £7,262k) and total expenditure of £7,414k (2019: £7,638k), resulting in net expenditure of £442k (2019: £376k).

The decrease in income of £289k is predominantly due to reduced MMF income of £523k along with reduced investment income of £122k and café income of £71k which were partly offset by increased grant income of £130k for the Transforming Mission projects, curates and safeguarding work and the profit on the sale of two properties of £298k.

Mission & Ministry Fund (MMF), the contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2020 this income reduced by £523k to £3,016k (2019: £3,539k). The MMF collection rate fell to 64.31%, the lowest it has ever been.

Expenditure decreased by £224k. This is predominantly due to a reduction in the losses made on the sale of properties £482k and a reduced level of spend on housing of £519k and education of £102k which are offset by the movement in the clergy pension liability in 2019 of £855k which didn't occur in 2020.

In addition, the gains on investments assets of £752k and the unrealised gains on property revaluations of £4,786k contributed to the total fund balances increasing from £96.2m to £101.3m.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Significant property transactions

In 2020 TDBF sold 3 properties, for net proceeds of £1,362k, that were surplus to requirements and purchased no properties.

The DBF policy continues to be:

- to replace unsuitable properties;
- to accommodate the changing geographical deployment of clergy within the diocese and the increased number of curate posts; and
- to realise development potential in some properties, thereby using our resources more effectively for the ministry of the church.

Balance Sheet position

The net assets at the balance sheet date totalled £101,274k (2019: £96,177k). This includes properties totalling £50,799k (2019: £47,533k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the DBF.

The Trustees are satisfied that the TDBF has adequate resources to continue to operate as a going concern and have prepared the financial statements on that basis.

Reserves Policy

Free reserves

Taking into account the continuing level of change in housing, MMF contribution levels, projected operating results and our commitment to the diocesan strategy, the Trustees' policy is to hold the following reserves:

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,000k	1,000k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	10,610k	-	10,610k
Diocesan Pastoral Account - Benefice Accounts	-	-	6,000k	6,000k
Total	1,700k	10,610k	7,200k	19,510k

As at 31 December 2020 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2019: £1,850k), as per the table above. Actual free reserves as at 31 December 2020 amounted to £2,230k (2019: £3,397k) which is above the target amount.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund together with the intended use of the reserve is set out in note 25. At 31 December 2020 total designated reserves were £12,610k (2019: £11,077k). At the end of the year, the amount of the Pastoral Account that must be ringfenced pending proposed pastoral reorganisations amounted to £4,900k (2019: £4,900k).

Restricted and endowment funds

As set out in note 25 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £12,715k (2019: £11,720k) and endowment funds totalled £73,720k (2019: £69,947k). None is available for the general purposes of the TDBF.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the DBF's income comes from other charitable entities. The DBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2020.

Investment policies

Under the Articles of Association, the company has the power to make any investment which the Trustees see fit. The Investment Management Committee oversees the management of the company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The company's Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the company's investments shall be administered and was updated in January 2020.

It is expected that an ethical approach is adopted at all times and the Trustees require that regard shall be had to the ethical investment policy published by The Church of England's Ethical Investment Advisory Group. More recently the church's objective of net zero by 2030 has also been encompassed into the work of the Investment Management Committee. CCLA have divested from all oil and gas company holdings with M&G adopting an approach of engagement with fossil fuel producers in the hope that pressure can be brought to bear to ensure the exploration and research activities are either abandoned or redirected towards renewables. There are signs that this approach is bearing fruit. The maintenance of capital in real terms together with the level and predictability of income is a priority. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale. It is expected that other asset classes are included to moderate risk and to help ensure that income is maintained.

Historically, the Committee has felt it prudent to rely on external fund managers' (CCLA & M&G) Common Investment Funds and Common Deposit Funds in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Investment Management Committee has the authority to consider other managers and types of fund in order to gain exposure to different asset classes and to diversify further, subject to appropriate due diligence.

During 2020 the Investment Management Committee became increasingly concerned as M&G Charifund issued a succession of warnings that it would be unable to maintain its distribution, given its focus on many of the sectors and businesses in the UK that were being hit hardest by the pandemic. In the event the payment was cut by 18% with the managers being forced to draw on reserves. In addition, it was felt that the concentration on the UK would affect the relative capital performance in the future. Given these uncertainties in May 2020, the holding in M&G was reduced, using the proceeds to buy three infrastructure funds. These have relatively secure income yields which it is hoped will offset in part the reduced payment from M&G and help insulate the portfolio from further cuts. They are significantly less volatile than equity funds and also minimise exposure to the fossil fuel sector thus assisting with the net zero 2030 target.

The Investment Management Committee also reviewed the holdings of CBF Property Fund and COIF Property Fund in the light of the suspension of dealings during 2020. In common with similar managers, CCLA was finding it difficult to satisfy liquidity requirements as the commercial property market slowed. The distribution on the funds was reduced by 25% as rents fell. Given these factors and the exposure to land and real estate through the Glebe it was decided to sell the holdings at the first opportunity to ensure that our portfolio remains as liquid as possible. The proceeds were received at the end of January 2021 and reinvested in the CBF Investment Fund and three more infrastructure funds for the same reasons as above.

The company holds investments across the range of The CBF Church of England Funds (representing 81.9% of the total value of the company's investments of £28,754k (excluding Glebe) at 31 December 2020). The remaining 18.1% of this £28,754k are held in M&G's Charifund (14.6%) and listed investments (3.5%) (see note 20).

The Investment Management Committee has adopted an industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The MSCI PIMFA Balanced Index fell by 0.09% in capital terms in 2020. The TDBF portfolio rose by 0.46% in the same period. The outcome for the year is quite encouraging, largely as a result of the above weight exposure to international equities, offsetting the weakness of the UK focused investments and property.

The Bishop's Diocesan Council consider these investment returns to be satisfactory and is hopeful that the company's current bias towards equity-based funds will continue to provide attractive returns in 2021 and beyond.

Total Returns

On 28 March 2018, the Truro Diocesan Board of Finance Limited (Board) as the sole trustee of the Diocese of Truro Stipends Fund Capital Account (SCA) made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the SCA permanent endowment fund. On 28 March 2018, the Board identified the value of the gifts of permanent endowment as at 31 December 1999, the earliest date with reliable valuations. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 28 March 2018 and the inflation-indexed baseline value of the gift component represented the opening balance of unapplied total return.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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For the year ended 31 December 2020

Total Returns (continued)

The power of total return permits the Board to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Board to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The Board decided to make a transfer from unapplied total return to unrestricted income funds in both 2019 and 2020. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, the Bishop's Diocesan Council referred to analysis prepared by Mike Sturgess, Chair of the TDBF, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income.

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2020 is indicated in note 12.

The Funds for Mission panel consider grant applications under £5,000 and the Senior Leadership Team consider applications above this level.

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry.

Grants are paid to other charitable projects which appear to the DBF to support the furtherance of the company's objects.

Principal risks and uncertainties

The Bishop's Diocesan Council is responsible for the identification, mitigation and or management of risk. To achieve this, a register of all the risks identified is maintained and, alongside it, a management and mitigation strategy formed. This is subject to review by the Bishop's Diocesan Council on a regular basis, with the responsibility for delivery of the mitigation strategies identified being delegated to the Finance, Assets and Risk (FAR) Committee and the Diocesan Secretary.

Following the risk management training at the end of 2019, a new risk register and map format was developed and embedded in 2020. The risk managers meet quarterly to discuss the ongoing development and each register is reviewed in detail by the FAR annually on a rotating schedule.

The risk register identifies the following high risk areas where the likelihood of the risk occurring is 'likely or almost certain' and the impact of the events is considered 'significant, major or critical'. These areas and the associated mitigation strategies are:

- Finance: income insufficient to meet financial commitments.
 - monthly monitoring by Finance department;
 - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry;
 - annual budgeting;
 - prudent reserves policy, which is reviewed annually;p-[[34
 - promoting Parish Giving Scheme with parishes;
 - liaising closely with Church Commissioners and other national bodies about national strategy;
 - The Saints Way to lead the vision for the Diocese.
- Education: church school in Multi Academy Trust (MAT) closes due to not being financially viable.
 - active communications with MAT
 - plan with local trust and parish teams once aware;
 - liaise with Local Authority and Councillors; and
 - offer support and advice as appropriate.
- Safeguarding: training delivery and attendance is insufficient to ensure that we have the knowledge and skills in place to protect children/vulnerable adults at risk.
 - training strategy and annual training programme in place that aligns to national guidance;
 - Diocesan Safeguarding trainer and network of volunteer trainers in place;
 - training information reported to TDBF and Diocesan Safeguarding Advisory Panel;
 - training for senior leaders; and
 - interim training arrangements put in place during Covid-19 with face to face training cancelled and virtual training being developed.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Principal risks and uncertainties (continued)

- Communications: disruption to planned communications work. Increase in specialist communications.
 - regular team meetings; and
 - learning from the last six months.

In addition to the identified risks the impact of the Covid-19 pandemic has highlighted other risks. These include the reduction in income mainly due to the current closure of places of worship and the increased compliance risk for the property portfolio. The financial risks will be mitigated by use of the reserves which give the DBF a level of financial resilience and processes are being embedded to ensure compliance is maintained.

Structure and Governance

Summary Information about the Structure of the Church of England

The Diocese of Truro is part of the wider Church of England, and any description of the governance structure of the Truro Diocese and the Truro Diocesan Board of Finance must be set within the context of the structure of the Church of England itself.

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 42 in England.

Each diocese in England is divided into benefices, which comprises a number of parishes, although some larger parishes can be a benefice in their own right. Each benefice is overseen by a priest (usually called a vicar, rector or priest in charge). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish. Benefices are also grouped together into deaneries, with there being twelve deaneries in the diocese of Truro.

Her Majesty the Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led (there are about 120 bishops, including Diocesan Bishops and Assistant and Suffragan Bishops). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice a year to consider legislation for the broader good of the Church.

The National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions (NCIs).

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for widow(er)s of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese of Truro

The statutory governing body of the diocese is the Diocesan Synod. It consists of the House of Bishops, the House of Clergy and the House of Laity, with broadly equal numbers of clergy and lay people providing representation across the diocese. Its role is to:

- consider matters affecting the Church of England in the diocese;
- act as a forum for debate of Christian opinion on matters of religious or public interest;
- advise the bishop when requested;
- deal with matters referred by General Synod; and
- provide for the financing of the diocese.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

The Diocese of Truro (continued)

The Diocese of Truro was created in 1877. It covers the whole of the county of Cornwall and the Isles of Scilly, plus two churches in Devon.

Archdeacons, Deaneries, Benefices and Parishes

The whole of the diocese is divided into parishes which for administrative and governance purposes is generally the smallest pastoral area in the Church of England. Typically, each parish has one parish church. In total there are 214 parishes in the diocese.

The ecclesiastical parish is governed by a Parochial Church Council or PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

A benefice is a parish or group of parishes served by an incumbent who typically receives a stipend and the benefit of free occupation in the parsonage house from the diocese for carrying out spiritual duties.

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible. The Diocese of Truro has two archdeaconries, each with six deaneries, the archdeaconry of Cornwall in the west, and of Bodmin in the east of the diocese.

The diocese is then the principal pastoral and in turn financial and administrative resource of the Church of England, encompassing the two archdeaconries under the spiritual leadership of the Diocesan Bishop.

Deanery Synods

There are 12 deaneries in the diocese, each with its own Deanery Synod. Each Deanery Synod has two houses, laity and clergy, and the role of the synods is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate;
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod;
- allocate the deanery MMF call between their parishes and report the allocation back to the Board; and
- develop a deanery plan for the mission of the Church in the deanery.

Diocesan Governance

The Diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of 13 ex officio members, including the Bishops and Archdeacons, 48 clergy members elected by the houses of clergy in Deanery Synods, 45 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

The Truro Diocesan Board of Finance Limited, was formed to manage the financial affairs and hold the assets of the Diocese. It was incorporated on 23 October 1896 as a charitable company limited by guarantee (No. 00049825) and its governing documents are the Articles of Association. The company is registered with the Charity Commission (No. 248330).

Every member of Diocesan Synod is a member of the company, for company law purposes, and has a personal liability limited to £10 under their guarantee as company members in the event of its being wound up. The Bishop's Diocesan Council consists of the members of the Bishop's Council and Standing Committee who are also the directors of the company under law.

Bishop's Diocesan Council and the Finance, Assets and Risk Committee (formerly Executive Committee)

Diocesan Synod has delegated the following functions to the Bishop's Council and Standing Committee, via the Bishop's Diocesan Council:

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the Diocese;
- preparation of annual estimates of expenditure;

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Trustees' Annual Report

For the year ended 31 December 2020

Bishop's Diocesan Council and the Finance, Assets and Risk Committee (formerly Executive Committee) (continued)

- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

The company has responsibility for the day-to-day financial management of the Diocese.

Also within the responsibility of the Bishop's Diocesan Council are the following statutory committees:

- Parsonages Board, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses and houses owned by the company.
- Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends fund of the Diocese.
- Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England.

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on page 13. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the company for the purposes of company law.

All elected members of the Bishop's Diocesan Council may serve for a maximum of six years before standing down for at least one year, but may stand for re-election thereafter.

The Bishop's Diocesan Council's responsibilities

The Bishop's Diocesan Council, as the body of trustees / directors, is responsible for preparing the Trustees' Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Bishop's Diocesan Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Bishop's Diocesan Council is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Bishop's Diocesan Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The Bishop's Diocesan Council is responsible for the maintenance and integrity of the corporate and financial information included in the Diocese of Truro's website.

Statement of disclosure to auditor

So far as each member of the Bishop's Diocesan Council is aware, there is no relevant audit information of which the company's auditor is unaware, and each member of the Bishop's Diocesan Council has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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The Finance, Assets and Risk Committee (formerly Executive Committee)

During 2020 a Governance Review was carried out. The Board of Directors of the Truro Diocesan Board of Finance has formed a committee consisting of the Chair of the Truro Diocesan Board of Finance and members of the BDC with the power to co-opt on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

Trustees are recruited through a mixture of ex-officio positions, elections and nominations.

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and more recently around risk management. Further development resources will be made available through the life of the current triennium. There will also be a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

Delegation of day to day delivery

The Bishop's Diocesan Council and the Finance, Assets and Risk Committee (formerly Executive Committee) rely upon the Diocesan Secretary and his colleagues for the delivery of the day to day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Truro Diocesan Board of Finance in accordance with the policies framed by the Trustees.

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Remuneration Committee, under delegated authority from the Bishop's Diocesan Council. The Committee obtains reliable up-to date information about remuneration in other organisations of comparable scale and nature.

Funds held as Custodian Trustee

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £4.7m at 31 December 2020 (2019: £4.5m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

The Board of Education is a statutory board within the Truro Diocesan Board of Finance. Under the Diocesan Board of Education Measure 1991, it is required:

- to promote or assist in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England.
 - The Board therefore has a vision of education that derives from the Christian faith;
 - Its responsibilities extend to the whole of the diocese, and not just within church schools;
 - Indeed, its responsibilities apply to more than just schools and includes adult education;
- to promote or assist in the promotion of religious education and religious worship in schools in the diocese;
 - Again, this applies to the whole of the diocese, and not just to church schools;
- to promote or assist in the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese;
- to promote cooperation between the Board and those concerned on any matter affecting church schools in the diocese.

The company administers Devolved Formula Capital (DFC) grants for the Diocese's church schools. At 31 December 2020, the Company held £193,169 (2019: £258,097) in designated bank accounts separate from those of the Company.

Related parties

General Synod, Church Commissioners and Archbishops' Council

The company has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The stipends of the Diocesan and Suffragan Bishops are borne by the Church Commissioners and are therefore not reflected in these financial statements.

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Parochial Church Councils (PCCs)

The company is required by Measure to be custodian trustee in relation to PCC property, but the company has no control over PCCs, which are independent charities. The accounts of PCCs and deaneries do not form part of these financial statements.

PCCs are able to influence the decision-making within the company and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity, currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, Old Cathedral School, Cathedral Close, Truro, TR1 2FQ.

Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund – a registered charity which provides financial support to clergy or their dependents in particular financial need. Specifically, support may be provided to the spouse or the dependants of deceased clergy; to retired clergy or their dependants; or to the spouse or dependants of clergy from whom the spouse is separated or divorced.

Pensions

Stipendiary clergy, and the company's lay staff who joined the company before 1 February 2010, are members of the Church of England Funded Pensions Scheme and the Defined Benefits Scheme (DBS), part of the Church Workers Pension Fund, respectively. Both schemes provide defined retirement benefits and both are non-contributory except for lay staff who have joined the company since 1 April 2004 who can have additional matching contributions up to 6% of their pensionable salaries if they make contributions.

On 1 February 2010, the company closed its Defined Benefits Scheme to new lay staff who are instead eligible to join the Pension Builder Scheme (previously known as the Defined Contributions Scheme (DCS)), part of the Church Workers Pension Fund. This scheme is contributory and provides limited pension guarantees.

Further details about these schemes are contained in note 29 to the financial statements.

Appointment of solicitors

A resolution to reappoint Veale Wasbrough Wizards LLP as solicitors to the company will be proposed at the Annual General Meeting.

Appointment of auditors

A resolution to reappoint Haysmacintyre LLP as auditors to the company will be proposed at the Annual General Meeting.

Administrative Information

Members of the Bishop's Diocesan Council

The Members of the Bishop's Diocesan Council (who are the trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law)) who served during the year and who were members at the date of this report were as follows:

President (ex officio)

The Rt. Revd. P I Mounstephen

Chairman (elected by the Members)

Mr M J Sturgess

Ex officio

The Rt. Revd. H Nelson (appointed 15 July 2020)

The Very Revd. R C Bush (The Dean)

The Ven. P D Bryer (Archdeacon of Cornwall) (and acting Archdeacon of Bodmin from 1 March 2021)

The Ven. A A Elkington (Archdeacon of Bodmin) (resigned 28 February 2021)

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

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Elected by the relevant Houses of Diocesan Synod

Chair of the House of Clergy	The Revd. Canon J S Thorold
Chair of the House of Laity	Lay Canon Emeritus, Dr M J Todd (resigned 13 April 2020) Mrs Anna Corbett (appointed 7 May 2020)

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall	The Revd. C C McQuillen-Wright Mr N C J Herian Mr R H Kirkpatrick
Archdeaconry of Bodmin	The Revd. Canon L Parker Mr R C West

Bishop's Appointments

	Lay Canon Mr R J Perry Mrs C E Irwin The Revd. Canon A E Brown (resigned 17 July 2020) Dr A G Thompson The Revd. Teresa Folland (appointed 27 January 2021) The Revd. Steve Morgan (appointed 27 January 2021)
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Company Secretary	The Revd. Canon S Cade
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Registered Office	Church House Woodlands Court Truro Business Park Threemilestone Truro TR4 9NH
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Telephone	01872-274351
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Email address	info@truro.anglican.org
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Website	www.trurodiocese.org.uk
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Company registration number	00049825 (England and Wales)
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Charity registration number	248330
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Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
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Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
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Auditors	Haysmacintyre LLP, 10 Queen Street Place, London
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Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
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Insurers	Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester
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Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London
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M&G Investments, Governor's House, 5 Laurence Pountney Hill, London

Glebe estate manager	Savills, Lemon Street, Truro
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Property manager	Savills, Lemon Street, Truro
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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

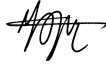
Approval of this combined report

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by s.415A of the Companies Act 2006.

This report was approved by the Bishop's Diocesan Council on 28 April 2021 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman

Church House
Woodlands Court
Truro Business Park
Threemilestone
Truro
TR4 9NH

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual Report (which incorporates the strategic report and the directors' report).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 10), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- inspecting correspondence with regulators and tax authorities;
- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluating management's controls designed to prevent and detect irregularities;
- identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- challenging assumptions and judgements made by management in their critical accounting estimates;
- testing transfers between funds; and
- cut-off testing in respect of revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE TRURO DIOCESAN BOARD OF FINANCE LIMITED (LIMITED BY GUARANTEE)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
28 April 2021

10 Queen Street Place
London
EC4R 1AG

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Statement of Financial Activities

For the year ended 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2020 £	2019 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,016,213	-	-	3,016,213	3,539,385
Archbishops' Council		899,499	-	-	899,499	899,460
Other		121,888	606,328	-	728,216	611,240
Charitable activities – statutory fees		243,557	-	-	243,557	262,126
Other activities	4	20,746	303,807	-	324,553	364,790
Investments	5	522,461	55,573	884,131	1,462,165	1,584,542
Other	6	-	-	298,014	298,014	-
Total		4,824,364	965,708	1,182,145	6,972,217	7,261,543
Expenditure on:						
Raising funds	7	149,882	-	178,266	328,148	300,817
Charitable activities	8	6,355,988	714,620	4,000	7,074,608	6,843,619
Other resources expended	9	11,307	-	-	11,307	493,091
Total		6,517,177	714,620	182,266	7,414,063	7,637,527
Net (outgoing) resources before realised gains		(1,692,813)	251,088	999,879	(441,846)	(375,984)
Net gains/(losses) on investment assets		(221,076)	637,443	335,800	752,167	5,045,051
Net incoming resources before transfers		(1,913,889)	888,531	1,335,679	310,321	4,669,067
Transfer between funds	13	1,155,015	105,834	(1,260,849)	-	-
Net income for the year		(758,874)	994,365	74,830	310,321	4,669,067
Unrealised gains on revaluation	14	1,088,918	-	3,697,514	4,786,432	1,160,849
Net movement in funds	15	330,044	994,365	3,772,344	5,096,753	5,829,916
Fund balances at 1 January 2020		14,509,530	11,720,405	69,947,243	96,177,178	90,347,262
Fund balances at 31 December 2020		14,839,574	12,714,770	73,719,587	101,273,931	96,177,178

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Income and Expenditure Account,

For the year ended 31 December 2020

	2020 £	2019 £
Total incoming resources	5,790,072	6,299,763
Resources expended	(7,231,797)	(8,171,083)
Operating deficit for the year	(1,441,725)	(1,871,320)
Net gains on investments	416,367	1,936,163
Net (expenditure)/income for the year	(1,025,358)	64,843
Other comprehensive income		
Revaluation of fixed assets	1,088,918	7,168
Net assets transferred from endowments	1,260,849	3,089,470
Total comprehensive income	1,324,409	3,161,481

The income and expenditure account is derived from the Statement of Financial Activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

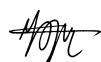
The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Balance Sheet at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	19	50,827,324	47,567,559
Investments	20	45,364,217	44,103,965
		<u>96,191,541</u>	<u>91,671,524</u>
Current assets			
Stock		-	1,213
Debtors	21	829,527	648,724
Cash at bank and in hand	22	5,706,342	5,325,820
		<u>6,535,869</u>	<u>5,975,757</u>
Creditors: amounts falling due within one year			
Other creditors	23	1,075,840	931,773
		<u>1,075,840</u>	<u>931,773</u>
Net current assets		<u>5,460,029</u>	<u>5,043,984</u>
Total assets less current liabilities		<u>101,651,570</u>	<u>96,715,508</u>
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	29	377,639	538,330
		<u>377,639</u>	<u>538,330</u>
Net assets		<u>101,273,931</u>	<u>96,177,178</u>
Funds employed			
Unrestricted funds		<u>14,839,574</u>	<u>14,509,530</u>
Restricted funds		<u>12,714,770</u>	<u>11,720,405</u>
Expendable endowment			
Parsonage Houses Fund		39,562,466	37,022,377
Permanent endowments			
Stipends Fund Capital Account		34,157,121	32,924,866
		<u>34,157,121</u>	<u>32,924,866</u>
Total endowments		<u>73,719,587</u>	<u>69,947,243</u>
Total funds employed	25.4	<u>101,273,931</u>	<u>96,177,178</u>
The revaluation reserve included in the above funds is:	26	<u>28,222,762</u>	<u>24,250,630</u>

The cash flow statement and the notes form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 28 April 2021 and signed on its behalf by:

M Sturgess
Chairman



Company Registration No. 00049825

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Cash Flow Statement

For the year ended 31 December 2020

	2020	2019
£	£	£
Net cash outflow from operating activities	(1,881,439)	(2,531,564)
Cash flows from investing activities		
Dividends, interest and rent from investments	966,447	1,057,869
Interest paid	(366)	-
Proceeds from the sale of:		
Tangible fixed assets	1,361,561	2,963,410
Fixed asset investments	1,050,000	1,842,174
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(68,905)	(1,294,719)
Fixed asset investments	(1,046,776)	(1,094,075)
Net cash provided by investing activities	2,261,961	3,474,659
Change in cash and cash equivalents in the reporting period	380,522	943,095
Cash and cash equivalents at 1 January 2020	5,325,820	4,382,725
Cash and cash equivalents at 31 December 2020	5,706,342	5,325,820
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December 2020	5,096,753	5,829,916
Adjustments for:		
Depreciation charges	9,409	13,126
Dividends, interest and rent from investments	(966,447)	(1,057,869)
Interest paid	366	-
(Profit)/Loss on sale of functional assets	(286,707)	493,091
Gains on investments and revaluation of fixed assets	(5,538,599)	(6,205,900)
(Increase) in loans to parishes	(36,782)	(147,000)
Decrease/(increase) in stock	1,213	(1,213)
(Increase) in debtors	(144,021)	(8,513)
Increase/(decrease) in creditors	237,067	(367,960)
Defined benefit pension costs less contributions payable	(261,691)	(1,117,242)
Defined benefit pension finance costs	8,000	38,000
Net cash (used in) operating activities	(1,881,439)	(2,531,564)
Analysis of cash and cash equivalents		
Cash in hand	5,706,342	5,325,820

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

1. Constitution

The company is incorporated, in England and Wales (Company Registration Number 00049825), as limited by guarantee under the Companies Act 2006. The Registered office is Church House, Woodlands Court, Truro Business Park, Threemilestone, Truro, TR4 9NH. In the event of winding up, up to the permitted maximum 114 members of the Company are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the Company and the costs, charges and expenses of winding up. At the year end there were 82 members.

2. Principal accounting policies

The charity meets the definition of a Public Benefit Entity in accordance with FRS102.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of freehold properties and investments (held as fixed assets), which are included at their market value at the balance sheet date.

The financial statements have been prepared in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities* (Second Edition, effective 1 January 2019, applicable accounting standards (FRS 102 *The Financial reporting Standard applicable in the UK and Republic of Ireland*) and the Companies Act 2006.

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements. Contributions received from the parishes (MMF) in 2021 are expected to be at a level higher than that in 2020, with other income expected to be at, or around, 2020 levels. With further prolonged lockdowns in 2021 there will be some cost savings to assist with the impact that the pandemic had on the General Fund in 2020. The trustees have concluded that the company has adequate resources, in the form of unrestricted funds, to continue in operational existence for the foreseeable future and there are no material uncertainties about the company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

All income is included in the Statement of Financial Activities (SoFA) when the Company is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income in the year in respect of which it is received.

Rents receivable is recognised as income in the period with respect to which it relates.

Interest and dividends are recognised as income when receivable.

Grants received which are subject to pre-conditions for entitlement specified by the donor which have not yet been met at the year-end are included in creditors to be carried forward to the following year.

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

Gains on disposal of fixed assets for the Company's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

(b) Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SoFA category.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

Charitable expenditure is analysed between contributions to the Archbishops' Council and expenditure on resourcing mission and ministry in the parishes of the diocese.

Grants payable are charged to the SoFA in the year when the offer is conveyed to the recipient except those in cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Company, such grants being recognised as expenditure when the conditions attaching are fulfilled.

Grants offered subject to such conditions which have not yet been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House. The apportionment of central support costs can be summarised as follows:

	£
Costs of generating funds (note 10)	139,126
Ministry in parishes (note 10)	186,935
Support for ministry in parishes (note 10)	421,678

The Company became VAT registered on 1 December 2019 and deregistered on 31 May 2020. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Employee benefits. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 29).

Deficit funding for the pension schemes to which the Company participates is accrued at current value in creditors, separated between contributions falling due within one year and more than one year.

(c) Tangible fixed assets and depreciation

Freehold properties

Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value in the financial statements. The Company has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repairs of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value. Annual impairment reviews are carried out to ensure that the carrying value is not less than the recoverable amount in accordance with FRS 102.

Investment properties

Glebe properties which are held for investment purposes and rented out have been included at their fair value.

Parsonage houses

The Company has followed the requirements of FRS 102, in its accounting treatment for benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The Company is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Bishop's Diocesan Council therefore consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at their estimated current market value.

School properties

Aided schools are the subject either of Trusts for which the Company acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the Dioceses. Accordingly, school properties are not included in these financial statements.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

School properties (continued)

The distribution of the proceeds from the sale of a redundant school may depend on an order of the Department for Education or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the Company in trust. When approval for distribution is eventually granted, the Company's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

Closed churches

Churches closed for public worship are not included in these financial statements because, in the opinion of Bishop's Diocesan Council, they are of negligible value. If a situation arises whereby a church is likely to be an asset rather than a liability, then it will be brought into the financial statements at the appropriate time.

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33¹/₃% on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

Fixed asset investments are included in the balance sheet at market value and the gain or loss taken to the SoFA.

Listed investments are UK listed company shares and are valued at their quoted bid price.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued every 5 years to establish fair value. The last revaluation took place as at 31 December 2020. In the intervening years, the Bishops' Diocesan Council adjust the market value for additions and disposals and such professional advice that may be received if this is material.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

Financial instruments

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured as the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 20.

Concessionary loans

Concessionary loans are loans provided at below market rates and are recognised in the accounts at the amount received with the carrying value adjusted to reflect repayments made in subsequent periods.

(e) Other accounting policies

Leasing

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

(f) Fund balances

Fund balances are split between unrestricted (general and designated), restricted income funds and capital endowment funds.

Unrestricted funds are freely available for any purpose within the Company's objects. They include funds which have been set aside by the Bishops' Diocesan Council out of the General Fund for designated purposes.

Restricted funds are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the Company, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Details of the major funds are given in note 25.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the Company acts as trustee and controls the management and use of the funds, are included in the Company's own financial statements as charity branches. Trusts where the Company acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

(g) Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Current year call	4,689,920	-	-	4,689,920
Shortfall in contributions	(1,729,963)	-	-	(1,729,963)
	2,959,957	-	-	2,959,957
Receipts for previous year	56,256	-	-	56,256
	3,016,213	-	-	3,016,213

Current year MMF receipts represent 63.11% of the total call (2019: 72.27%) or, when receipts for previous years are included, 64.31% of the total call (2019: 73.64%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Selective allocations	856,004	-	-	856,004
Contribution to registrar's retainer	43,495	-	-	43,495
	899,499	-	-	899,499

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Allchurches Trust	100,500	-	-	100,500
CEMES grant	-	-	-	-
Strategic Development Funding - Falmouth	-	187,696	-	187,696
Strategic Development Funding – Phase 2	-	135,645	-	135,645
RME	-	129,013	-	129,013
Transition Funding	-	-	-	-
Strategic Capacity Funding – Governance Review	-	13,097	-	13,097
Strategic Ministry Funding	-	39,206	-	39,206
Coronavirus Job Retention Grant	-	19,634	-	19,634
Lambeth Palace Conference	-	900	-	900
Past Case Review 2	-	30,000	-	30,000
Strategic Capacity Funding – Phase 2	-	-	-	-
Contribution towards church schools:				
Department for Education	-	46,551	-	46,551
Donations from individuals	8,227	4,586	-	12,813
Other contributions	13,161	-	-	13,161
	121,888	606,328	-	728,216

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2019

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Current year call	4,806,540	-	-	4,806,540
Shortfall in contributions	(1,332,916)	-	-	(1,332,916)
	3,473,624	-	-	3,473,624
Receipts for previous year	65,761	-	-	65,761
	3,539,385	-	-	3,539,385

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Selective allocations	859,722	-	-	859,722
Contribution to registrar's retainer	39,738	-	-	39,738
	899,460	-	-	899,460

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Allchurches Trust	98,750	-	-	98,750
Strategic Capacity Funding	-	-	-	-
CEMES grant	-	3,000	-	3,000
Strategic Development Funding - Falmouth	-	245,956	-	245,956
RME	-	146,916	-	146,916
Transition Funding	-	14,869	-	14,869
Strategic Development Funding – Phase 2	-	14,611	-	14,611
Strategic Ministry Funding	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-
Lambeth Palace Conference	-	-	-	-
Past Case Review 2	-	-	-	-
Strategic Capacity Funding – Phase 2	-	1,400	-	1,400
Contribution towards church schools:				
Department for Education	-	45,911	-	45,911
Donations from individuals	17,056	5,427	-	22,483
Other contributions	17,344	-	-	17,344
	133,150	478,090	-	611,240

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Rents from Parsonage houses	-	285,740	-	285,740
Recoverable costs	-	18,067	-	18,067
Community café income	20,746	-	-	20,746
	<u>20,746</u>	<u>303,807</u>	<u>-</u>	<u>324,553</u>

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Rents from Parsonage houses	-	258,651	-	258,651
Recoverable costs	14,078	-	-	14,078
Community café income	92,061	-	-	92,061
	<u>106,139</u>	<u>258,651</u>	<u>-</u>	<u>364,790</u>

5. Investment income

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Dividends and interest	412,606	19,127	534,714	966,447
Rents:				
Board properties	109,855	-	-	109,855
Glebe estate	-	-	349,417	349,417
Redundant schools	-	36,446	-	36,446
	<u>522,461</u>	<u>55,573</u>	<u>884,131</u>	<u>1,462,165</u>

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Dividends and interest	465,804	18,299	573,766	1,057,869
Rents:				
Board properties	102,213	-	-	102,213
Glebe estate	-	-	388,014	388,014
Redundant schools	-	36,446	-	36,446
	<u>568,017</u>	<u>54,745</u>	<u>961,780</u>	<u>1,584,542</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised gains on disposal of assets for the charity's own use	-	-	298,014	298,014

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Realised gains on disposal of assets for the charity's own use	-	-	-	-

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Glebe: Outgoings	-	-	126,421	126,421
Management charges	-	-	47,845	47,845
Pension scheme interest	10,000	-	4,000	14,000
Let vacant parsonages (management charges)	756	-	-	756
Central support costs	139,126	-	-	139,126
	149,882	-	178,266	328,148

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Glebe: Outgoings	-	-	67,972	67,972
Management charges	-	-	44,304	44,304
Pension scheme interest	7,000	-	31,000	38,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	149,848	-	-	149,848
	157,541	-	143,276	300,817

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Contributions to Archbishops' Council				
Training for Ministry	157,531	-	-	157,531
National Church responsibilities	118,438	-	-	118,438
Grants and provisions	13,237	-	-	13,237
Mission Agency pension contributions	5,909	-	-	5,909
Retired clergy housing costs (CHARM)	56,559	-	-	56,559
	351,674	-	-	351,674
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,220,873	39,206	-	2,260,079
Pension contributions	525,250	-	4,000	529,250
Home/parish mileage	5,577	-	-	5,577
Sundry clergy related costs	14,104	-	-	14,104
Housing costs	1,005,565	-	-	1,005,565
Property management charges	137,133	-	-	137,133
Resettlement and associated costs	86,798	-	-	86,798
Other payments (including CMED)	246,832	-	-	246,832
Central support costs	186,935	-	-	186,935
	4,429,067	39,206	4,000	4,472,273
Support for ministry and mission				
Mission Fund grants	98,635	212	-	98,847
Diocesan support for ordinands in training	52,766	112,572	-	165,338
Training and development	122,072	-	-	122,072
MAPping and other functions of DMPC	129,548	-	-	129,548
Specialist ministries	190,635	42,935	-	233,570
Social Responsibility	22,584	-	-	22,584
Diocesan Advisory Committee	32,858	-	-	32,858
Chancellor's and Registrar's retainers	60,795	-	-	60,795
Faculty fees	15,703	-	-	15,703
Communications	88,202	-	-	88,202
Closed church expenditure	-	31,639	-	31,639
General Synod members' expenses	3,760	-	-	3,760
Central support costs	421,678	-	-	421,678
Transforming Mission – Falmouth	170,439	220,588	-	391,027
Transforming Mission – Phase 2	89,947	134,920	-	224,867
Governance Review	-	13,097	-	13,097
	1,499,622	555,963	-	2,055,585
Expenditure on Education				
Support for church schools and parishes	75,625	119,451	-	195,076
	6,355,988	714,620	4,000	7,074,608

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Contributions to Archbishops' Council				
Training for Ministry	157,533	-	-	157,533
National Church responsibilities	125,260	-	-	125,260
Grants and provisions	13,357	-	-	13,357
Mission Agency pension contributions	1,659	-	-	1,659
Retired clergy housing costs (CHARM)	53,865	-	-	53,865
	351,674	-	-	351,674
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,214,695	-	-	2,214,695
Pension contributions	515,518	-	(855,000)	(339,482)
Home/parish mileage	10,365	-	-	10,365
Sundry clergy related costs	13,137	-	-	13,137
Housing costs	1,524,726	-	-	1,524,726
Property management charges	134,050	-	-	134,050
Resettlement and associated costs	126,002	-	-	126,002
Other payments (including CMED)	254,121	-	-	254,121
Central support costs	203,793	-	-	203,793
	4,996,407		(855,000)	4,141,407
Support for ministry and mission				
Mission Fund grants	86,959	22,969	-	109,928
Diocesan support for ordinands in training	132,572	149,105	-	281,677
Training and development	176,801	14,869	-	191,670
MAPping and other functions of DMPC	148,684	-	-	148,684
Specialist ministries	146,671	4,094	-	150,765
Social Responsibility	26,189	-	-	26,189
Diocesan Advisory Committee	34,200	-	-	34,200
Chancellor's and Registrar's retainers	49,270	-	-	49,270
Faculty fees	17,432	-	-	17,432
Communications	97,546	-	-	97,546
Closed church expenditure	38,770	-	-	38,770
General Synod members' expenses	9,490	-	-	9,490
Central support costs	461,530	960	-	462,490
Transforming Mission – Falmouth	210,237	200,289	-	410,526
Transforming Mission – Phase 2	9,741	15,051	-	24,792
Governance Review	-	-	-	-
	1,646,092	407,337	-	2,053,429
Expenditure on Education				
Support for church schools and parishes	111,492	185,617	-	297,109
	7,105,665	592,954	(855,000)	6,843,619

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

9. Other resources expended

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised loss on disposal of assets for the charity's own use	11,307	-	-	11,307

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Realised loss on disposal of assets for the charity's own use	314,923	-	178,168	493,091

10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2020 £
Raising funds	189,022	-	139,126	328,148
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	4,186,118	99,220	186,935	4,472,273
Support for ministry and mission	1,526,060	107,847	421,678	2,055,585
Education	195,076	-	-	195,076
	6,096,276	558,741	747,739	7,402,756

Comparative analysis for 2019

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2019 £
Raising funds	150,969	-	149,848	300,817
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	3,771,002	166,612	203,793	4,141,407
Support for ministry and mission	1,481,011	109,928	462,490	2,053,429
Education	275,253	21,856	-	297,109
	5,678,235	650,070	816,131	7,144,436

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

11. Analysis of support costs

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2020 £
Central administration	665,712	-	-	-	665,712
Governance:					
External audit	17,472	-	-	-	17,472
Registrar and Chancellor	60,795	-	-	-	60,795
Governance review	-	-	13,097	-	13,097
Synodical costs	3,760	-	-	-	3,760
	747,739	-	13,097	-	760,836

Comparative analysis for 2019

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2019 £
Central administration	735,910	-	-	-	735,910
Governance:					
External audit	17,021	-	-	-	17,021
Registrar and Chancellor	49,270	-	-	-	49,270
Governance review	-	-	960	-	960
Synodical costs	12,970	-	-	-	12,970
	815,171	-	960	-	816,131

12. Analysis of grants made

	Number	Individuals £	Institutions £	2020 £	2019 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	351,674	351,674	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	23	58,121	-	58,121	81,659
Doing Church Differently grants	-	-	-	-	-
Ordinands in training	6	39,178	-	39,178	79,673
Clergy for training	6	1,921	-	1,921	5,280
Mission initiatives in parishes	13	-	98,635	98,635	86,959
	48	99,220	98,635	197,855	253,571
From restricted funds for various purposes:					
Mission initiatives in parishes	1	-	212	212	18,771
Churches Together organisations	-	-	-	-	4,198
Education	-	-	-	-	21,856
Overseas mission work	2	-	9,000	9,000	-
	3	-	9,212	9,212	44,825
	56	99,220	459,521	558,741	650,070

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2019

	Number	Individuals £	Institutions £	2019 £	2018 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	351,674	351,674	339,315
From unrestricted funds:					
Resettlement and first incumbency grants	34	81,659	-	81,659	63,336
Doing Church Differently grants	-	-	-	-	(44,283)
Ordinands in training	11	79,673	-	79,673	87,838
Clergy for training	16	5,280	-	5,280	2,500
Mission initiatives in parishes	10	-	86,959	86,959	-
	53	153,674	(44,283)	253,571	109,391
From restricted funds for various purposes:					
Mission initiatives in parishes	15	-	18,771	18,771	32,313
Churches Together organisations	2	-	4,198	4,198	1,500
Education	2	-	21,856	21,856	-
Overseas mission work	0	-	-	-	-
	19	-	44,825	44,825	33,813
Group and company	95	166,612	483,458	650,070	482,519

13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	838,296	(838,296)	-
Payments to acquire property	-	(66,238)	66,238
Receipts from sale of property	-	1,010,368	(1,010,368)
Total Return spend	316,719	-	(316,719)
General Fund spend reallocated	-	-	-
Contribution to stipend expenditure	709,865	-	(709,865)
	1,864,880	105,834	(1,970,714)
Comparative analysis for 2019			
	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	1,368,523	(1,368,523)	-
Payments to acquire property	-	(73,782)	73,782
Receipts from sale of property	-	2,114,832	(2,114,832)
Total Return spend	198,916	-	(198,916)
General Fund spend reallocated	24,911	(24,911)	-
Contribution to stipend expenditure	849,504	-	(849,504)
Group and company	2,441,854	647,616	(3,089,470)

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

14. Other gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Revaluation of land and buildings	1,088,918	-	3,697,514	4,786,432

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Revaluation of land and buildings	7,168	-	1,153,681	1,160,849

15. Net movement in funds

	2020 £	2019 £
This is stated after charging:		
Staff costs (note 16)	1,445,398	1,397,180
Auditors' remuneration - audit fee	14,560	14,184
- other services	675	2,400
Realised losses on disposals of tangible fixed assets	11,307	493,091
Operating leases - land and buildings	53,200	53,200
- other	7,071	7,538
Depreciation of tangible fixed assets	9,409	13,126
Interest payable (note 17)	366	-
	2020 £	2019 £
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	298,014	-
Realised gains on disposals of investment fixed assets	50,000	777,982

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,208,940	1,123,939
Social security costs	107,040	102,376
Pension contributions	129,418	170,865
	1,445,398	1,397,180

The average number of persons employed during the year:

	2020	2019
Administration and financial management	14	13
Communications	2	2
Discipleship & Ministry, Stewardship	13	13
Safeguarding & inclusion	3	4
Education	2	3
Transforming Mission	14	11
	48	46

The average number of persons employed during the year based on full time equivalents:

	2020	2019
Administration and financial management	11.4	11.4
Communications	1.3	1.5
Discipleship & Ministry, Stewardship	9.2	9.2
Safeguarding & inclusion	2.5	2.9
Education	2.1	2.6
Transforming Mission	9.2	6.3
	35.7	33.9

Remuneration of higher paid employees were as follows:

	2020 £	2019 £
£60,001 - £70,000	2	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2020 they were:

Diocesan Secretary and Company Secretary	Esther Pollard (resigned 16 March 2020) Simon Cade (appointed 17 March 2020)
Director for Ministry	Jonathan Rowe
Director of Education and Discipleship	Simon Cade (resigned 16 March 2020) Katie Fitzsimmons (appointed 24 February 2020)
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £322,115 (2019: £292,377). Expenses were £1,738 (2019: £3,518).

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The wife of a member of BDC is an employee of the charity. The total remuneration for the year was £37,130 (2019: £36,778).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 3 Trustees (2019: 7) received travelling and out of pocket expenses, totalling £6,059 (2019: £12,926) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the Company during the year:

	Stipend	Housing
The Rt Revd H Nelson	No	Yes
The Ven A Elkington	Yes	Yes
The Ven P Bryer	Yes	Yes
The Revd. Canon A E Brown	Yes	Yes
The Revd. J S Thorold	Yes	Yes
The Revd. C McQuillen-Wright	Yes	Yes
The Revd. L Parker	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. S Morgan	Yes	Yes

The Company is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The Company is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The Company paid an average of 78 (2019: 78) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £	2019 £
Stipends	2,126,367	2,100,269
National insurance contributions	173,909	168,500
Pension costs	559,586	553,403
Apprenticeship Levy	9,796	9,550
	2,869,658	2,831,722

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £38,265 - £49,198 (2019 range £37,515 - £48,233). The annual rate of stipend, funded by the Company, paid to Archdeacons in 2020 was in the range £35,909 - £42,333 (2019 range £35,208 - £41,503) and other clergy who were Trustees were paid in the range £26,793 - £30,179 (2019 range £26,268 - £29,587).

17. Interest payable and similar charges

	2020 £	2019 £
Late payment	366	-

18. Taxation

The Company is a registered charity and is not liable to UK corporation tax.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

19. Tangible fixed assets

19.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2020	10,510,268	37,022,377	47,532,645
Additions	82	66,238	66,320
Disposals	(362,500)	(712,354)	(1,074,854)
Revaluation adjustment	1,088,918	3,697,514	4,786,432
Transfer	-	(511,309)	(511,309)
At 31 December 2020	11,236,768	39,562,466	50,799,234

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses which are vested in the incumbent. Of the total land and buildings at 31 December 2020 all are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2020	9,832,067	13,449,948	23,282,015
Additions	82	66,238	66,320
Disposals	(417,165)	(345,440)	(762,605)
Transfer	-	(9,258)	(9,258)
At 31 December 2020	9,414,984	13,161,488	22,576,472

19.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2020	28,218
Additions	-
At 31 December 2020	28,218
<i>Depreciation</i>	
At 1 January 2020	22,164
Charge for year	1,336
At 31 December 2020	23,500
<i>Net book value</i>	
At 31 December 2020	4,718
At 31 December 2019	6,054

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

19. Tangible fixed assets (continued)

19.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2020	93,389
Additions	2,585
Disposals	-
At 31 December 2020	95,974
<i>Depreciation</i>	
At 1 January 2020	64,529
Disposals	-
Charge for year	8,073
At 31 December 2020	72,602
<i>Net book value</i>	
At 31 December 2020	23,372
At 31 December 2019	28,860

19.4 Total tangible fixed assets

	2020 £	2019 £
<i>Net book value</i>		
Freehold land and buildings	50,799,234	47,532,645
Leasehold premises	4,718	6,054
Office equipment	23,372	28,860
	50,827,324	47,567,559

20. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2020	15,895,000	-	28,208,965	44,103,965
Additions	46,776	1,000,000	-	1,046,776
Disposals	-	-	(1,391,935)	(1,391,935)
Revaluation adjustment	156,915	508	936,679	1,094,102
Transfer	511,309	-	-	511,309
At 31 December 2020	16,610,000	1,000,508	27,753,709	45,364,217

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the directors accordingly.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

20. Fixed asset investments (continued)

Unlisted investments substantially comprise shares in The CBF Church of England Funds and M & G 'Charifund'. The following investments each represent more than 5% by value of the portfolio:

	£
The CBF Church of England Investment Fund	9,962,632
The CBF Church of England UK Property Fund	1,748,289
The CBF Church of England UK Equity Fund	2,992,606
The CBF Church of England Global Equity Income Fund	8,231,022
M & G 'Charifund'	4,210,826

21. Debtors

	2020 £	2019 £
<i>Amounts falling due within one year</i>		
Trade debtors	88,478	9,123
Concessionary loans to parishes and others	65,157	179,375
Other debtors including prepayments and accrued income	520,392	455,726
	<u>674,027</u>	<u>644,224</u>
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	155,500	4,500
	<u>155,500</u>	<u>4,500</u>
	<u>829,527</u>	<u>648,724</u>

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £75,000 (2019: £52,500). The repayment terms of the loans range from 3 months to 7 years.

22. Cash at bank and in hand

	2020 £	2019 £
The CBF Church of England Deposit Fund	5,165,340	5,313,578
COIF Charities Deposit Fund	306,645	280,957
Barclays Bank PLC	21,872	25,873
National Westminster Bank PLC	945,299	509,555
Savills Client Account	120,742	99,283
Cash in hand	749	199
	<u>6,560,647</u>	<u>6,229,445</u>
Less: attributable to local trust funds	(854,305)	(903,625)
	<u>5,706,342</u>	<u>5,325,820</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

23. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	208,628	150,176
Other creditors (including taxation and social security)	26,703	102,061
Accruals and deferred income (note 24)	660,509	406,536
Pension scheme liabilities (note 29)		
Clergy Pension Scheme	142,000	235,000
Lay Defined Benefit Scheme	38,000	38,000
	<u>1,075,840</u>	<u>931,773</u>

24. Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	545,285	270,239
Deferred income at 1 January 2020	270,239	176,238
Released from previous years	(77,310)	(97,743)
Resources deferred in the year	352,356	191,744
Deferred income as at 31 December 2020	<u>545,285</u>	<u>270,239</u>

Included within deferred income of £545,285 (2019: £270,239) are the following balances: £48,591 (2019: £47,844) in respect of glebe deferred income, £156,579 (2019: £156,579) received in advance of entitlement and £244,056 (2019: £0) received on behalf of schools.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed

25.1 Summary of fund movements

At 31 December 2020:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	3,432,531	4,824,364	(6,145,951)	(221,076)	339,903	2,229,771
<i>Designated funds:</i>						
Board Houses Fund	10,510,268	-	(11,307)	1,088,918	(351,111)	11,236,768
Church House Fund	565,231	-	(43,200)	-	-	522,031
Intern Programme	-	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-	-
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	-	-	(149,693)	-	400,711	251,018
Transforming Mission – Phase 2	-	-	(89,947)	-	688,433	598,486
Mission grants	-	-	(77,079)	-	77,079	-
	<u>14,509,530</u>	<u>4,824,364</u>	<u>(6,517,177)</u>	<u>867,842</u>	<u>1,155,015</u>	<u>14,839,574</u>
Restricted funds						
Pastoral Account	10,576,926	303,807	(31,639)	568,683	105,834	11,523,611
Diocesan Council for Mission & Unity	71,832	4,586	(9,047)	-	-	67,371
Education Trusts	987,635	102,124	(119,451)	68,709	-	1,039,017
Mission Fund	27,184	-	(212)	-	-	26,972
RME	(2,188)	129,013	(112,572)	-	-	14,253
Transition Fund	-	-	-	-	-	-
CEMES Grant	-	-	-	-	-	-
Strategic Development Fund - TMF	34,357	187,696	(200,954)	-	-	21,099
Strategic Development Fund – Phase 2	-	135,645	(134,920)	-	-	725
Strategic Capacity Fund – Governance Review	-	13,097	(13,097)	-	-	-
Strategic Ministry Fund	-	39,206	(39,206)	-	-	-
Coronavirus Job Retention Grant	-	19,634	(19,634)	-	-	-
Lambeth Conference	-	900	-	-	-	900
Past Case Review 2	-	30,000	(30,000)	-	-	-
Bishop Phillpotts Library	18,176	-	(3,888)	-	-	14,288
Bishop Phillpotts Prize Fund	6,483	-	-	51	-	6,534
	<u>11,720,405</u>	<u>965,708</u>	<u>(714,620)</u>	<u>637,443</u>	<u>105,834</u>	<u>12,714,770</u>
Expendable endowment						
Parsonage Houses Fund	37,022,377	298,014	-	3,697,514	(1,455,439)	39,562,466
Permanent endowment						
Stipends Fund Capital Account	32,924,866	884,131	(182,266)	335,800	194,590	34,157,121
	<u>69,947,243</u>	<u>1,182,145</u>	<u>(182,266)</u>	<u>4,033,314</u>	<u>(1,260,849)</u>	<u>73,719,587</u>
Total endowments						
Total	<u>96,177,178</u>	<u>6,972,217</u>	<u>(7,414,063)</u>	<u>5,538,599</u>	<u>-</u>	<u>101,273,931</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.2 Prior year comparative summary of fund movements

At 31 December 2019:

Company	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,681,256	5,508,277	(7,017,357)	1,086,145	2,174,210	3,432,531
<i>Designated funds:</i>						
Board Houses Fund	10,456,744	-	(314,923)	7,168	361,279	10,510,268
Church House Fund	608,431	-	(43,200)	-	-	565,231
Intern Programme	246,284	-	(3,733)	-	(242,551)	-
Kingdom Value Fund	50,000	-	-	-	(50,000)	-
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	-	-	(118,175)	-	118,175	-
Transforming Mission – Phase 2	-	-	(9,741)	-	9,741	-
Mission grants	-	-	(71,000)	-	71,000	-
	<u>13,044,215</u>	<u>5,508,277</u>	<u>(7,578,129)</u>	<u>1,093,313</u>	<u>2,441,854</u>	<u>14,509,530</u>
Restricted funds						
Pastoral Account	8,954,787	258,651	-	690,961	672,527	10,576,926
Diocesan Council for Mission & Unity	66,405	5,427	-	-	-	71,832
Education Trusts	913,659	100,656	(185,617)	158,937	-	987,635
Mission Fund	50,153	-	(22,969)	-	-	27,184
RME	-	146,916	(149,104)	-	-	(2,188)
Transition Fund	-	14,869	(14,869)	-	-	-
CEMES Grant	10,373	3,000	(1)	-	(13,372)	-
Strategic Development Fund - TMF	229	245,956	(200,289)	-	(11,539)	34,357
Strategic Development Fund – Phase 2	-	14,611	(14,611)	-	-	-
Strategic Capacity Fund – Phase 2	-	1,400	(1,400)	-	-	-
Bishop Phillpotts Library	22,270	-	(4,094)	-	-	18,176
Bishop Phillpotts Prize Fund	6,363	-	-	120	-	6,483
	<u>10,024,239</u>	<u>791,486</u>	<u>(592,954)</u>	<u>850,018</u>	<u>647,616</u>	<u>11,720,405</u>
Expendable endowment						
Parsonage Houses Fund	38,087,914	-	(178,168)	1,153,681	(2,041,050)	37,022,377
Permanent endowment						
Stipends Fund Capital Account	29,190,894	961,780	711,724	3,108,888	(1,048,420)	32,924,866
Total endowments	<u>67,278,808</u>	<u>961,780</u>	<u>533,556</u>	<u>4,262,569</u>	<u>(3,089,470)</u>	<u>69,947,243</u>
Total	<u><u>90,347,262</u></u>	<u><u>7,261,543</u></u>	<u><u>(7,637,527)</u></u>	<u><u>6,205,900</u></u>	<u><u>-</u></u>	<u><u>96,177,178</u></u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds

Unrestricted funds

The General Fund supports the day to day activities of the Company.

The Board House Fund is represented by the book value of board properties. Additions to and disposals from the Fund are financed by or credited to the General Fund respectively.

The following other funds have been set aside by the directors for purposes which the directors themselves have designated:

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the new office premises at Church House.

The Intern Programme Fund was created to fund the work of the Diocesan Intern Programme for a four year period, has now been closed and the balance transferred to the General Fund.

The Kingdom Value Fund was created to fund Socially Proactive investment and expenditure projects, has now been closed and the balance transferred to the General Fund.

The Densham Loan Fund originated from a bequest given to the Company in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars. The responsibility for car loans was assumed by the Church Commissioners in 1988 but the fund is still reserved for this purpose and has been used in the past to assist a non-stipendiary minister.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £6.9m is ringfenced pending pastoral reorganisations.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub committee of the company) for the purposes of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Mzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Mzimvubu).

The Diocese of Truro Education Trusts are governed by Schedule 36 of the Education Act 1996. The fund mainly represents the unspent sale proceeds of redundant Church of England school properties. The objects of the trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

The Mission Fund is for the specific purposes of investment in new mission initiatives which are not included in deanery plans.

Resourcing Ministerial Education (RME) is an age related block grant, received from the Church Commissioners to fund the training of ordinands in the diocese.

Transition Fund is grant funding received from the Church Commissioners to renew the provision of lay ministry and leadership in the Diocese of Truro.

The Church of England Ministry Experience Scheme (CEMES) Grant is funding received as a means of testing God's calling for young adults (under 30).

The Strategic Development Fund TMF (Transforming Mission Falmouth) restricted fund is grant funding received from the Church Commissioners to assist with financing the Transforming Mission project in Falmouth. There is an unrestricted fund which is funded by TDBF.

The Strategic Development Fund TM (Transforming Mission) Phase 2 is grant funding received from the Church Commissioners to assist with financing the Transforming Mission project in Camborne, Truro, St Austell and Liskeard. There is an unrestricted fund which is funded by TDBF.

The Strategic Capacity Fund – Governance Review is grant funding received from the Church Commissioners to review the governance of the Company.

The Strategic Ministry Fund is grant funding received from the Church Commissioners to assist with financing curates.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds (continued)

Coronavirus Job Retention Grant is grant funding received from the Government to assist with paying employees' wages who are furloughed.

Past Case Review 2 (PCR2) grant is funding received from the Church Commissioners to assist with financing the costs associated with the PCR2 review.

Bishop Phillpotts Library may be used to fund the resource of the library which is located at the Old Cathedral School in Truro.

Bishop Phillpotts' Prize Fund may be used to award school prizes in religious education.

Endowment funds

The Parsonage Houses Fund is represented by the book value of parsonage houses and team vicarages. Additions to and disposals from the Fund are financed by or credited to the Pastoral Account respectively.

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992. Following Charity Commission approval of a total return approach to investments, the Trustees may transfer to income all or part of the unapplied total return.

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2019	8,503,078	21,989,691	30,492,769
Movements in the year:			
Investment return: dividends and interest	-	961,780	961,780
Investment return: unrealised gains	-	3,108,888	3,108,888
Investment return: fund raising costs	-	(112,276)	(112,276)
Transfer from Stipends Fund Capital Account to designated fund	-	(198,916)	(198,916)
Transfer from Stipends Fund Capital Account to General Fund	-	(849,504)	(849,504)
Indexation on base value of investment	111,151	(111,151)	-
Net movements in 2019	111,151	2,798,821	2,909,972
At 1 January 2020	<u>8,614,229</u>	<u>24,788,512</u>	<u>33,402,741</u>
Movements in the year:			
Investment return: dividends and interest	-	884,131	884,131
Investment return: unrealised gains	-	335,800	335,800
Investment return: fund raising costs	-	(174,266)	(174,266)
Funding of clergy pension deficit contributions	-	(197,841)	(197,841)
Transfer from Stipends Fund Capital Account to designated fund	-	(316,719)	(316,719)
Indexation on base value of investment	55,576	(55,576)	-
Transfer from parsonage to Stipends Fund Capital Account	-	511,309	511,309
Net movements in 2020	<u>55,576</u>	<u>986,838</u>	<u>1,042,414</u>
At 31 December 2020			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	2,905,814	-	2,905,814
Unapplied total return		25,775,350	25,775,350
	<u>8,669,805</u>	<u>25,775,350</u>	<u>34,445,155</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.4 Analysis of net assets between funds

At 31 December 2020:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	28,090	746,388	1,686,898	(231,605)	2,229,771
<i>Designated funds:</i>					
Board Houses Fund	11,236,768	-	-	-	11,236,768
Church House Fund	-	-	522,031	-	522,031
Intern Programme	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission - Falmouth	-	-	251,018	-	251,018
Transforming Mission – Phase 2	-	-	598,486	-	598,486
Mission grants	-	-	-	-	-
	<u>11,264,858</u>	<u>746,388</u>	<u>3,059,933</u>	<u>(231,605)</u>	<u>14,839,574</u>
Restricted funds					
Pastoral Account	-	9,230,630	2,292,981	-	11,523,611
Diocesan Council for Mission & Unity	-	-	67,371	-	67,371
Education Trusts	-	941,203	97,814	-	1,039,017
Mission Fund	-	-	26,972	-	26,972
RME	-	-	14,253	-	14,253
Transition Funding	-	-	-	-	-
CEMES Grant	-	-	-	-	-
Strategic Development Fund - Falmouth	-	-	21,099	-	21,099
Strategic Development Fund – Phase 2	-	-	725	-	725
Strategic Capacity Fund – Governance Review	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	900	-	900
Past Case Review 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	14,288	-	14,288
Bishop Phillpotts' Prize Fund	-	841	5,693	-	6,534
	<u>-</u>	<u>10,172,674</u>	<u>2,542,096</u>	<u>-</u>	<u>12,714,770</u>
Expendable endowment					
Parsonage Houses Fund	39,562,466	-	-	-	39,562,466
Permanent endowment					
Stipends Fund Capital Account	-	34,445,155	(142,000)	(146,034)	34,157,121
Total endowments	<u>39,562,466</u>	<u>34,445,155</u>	<u>(142,000)</u>	<u>(146,034)</u>	<u>73,719,587</u>
Total	<u>50,827,324</u>	<u>45,364,217</u>	<u>5,460,029</u>	<u>(377,639)</u>	<u>101,273,931</u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.5 Prior year comparative summary of fund movements

At 31 December 2019:

Company	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	34,914	7,367,464	(3,714,196)	(255,651)	3,432,531
<i>Designated funds:</i>					
Board Houses Fund	10,510,268	-	-	-	10,510,268
Church House Fund	-	-	565,231	-	565,231
Intern Programme	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission - Falmouth	-	-	-	-	-
Transforming Mission – Phase 2	-	-	-	-	-
Mission grants	-	-	-	-	-
	<u>10,545,182</u>	<u>7,367,464</u>	<u>(3,147,465)</u>	<u>(255,651)</u>	<u>14,509,530</u>
Restricted funds					
Pastoral Account	-	4,148,878	6,428,048	-	10,576,926
Diocesan Council for Mission & Unity	-	-	71,832	-	71,832
Education Trusts	-	1,022,494	(34,859)	-	987,635
Mission Fund	-	-	27,184	-	27,184
RME	-	-	(2,188)	-	(2,188)
Transition Funding	-	-	-	-	-
CEMES Grant	-	-	-	-	-
Strategic Development Fund - Falmouth	-	-	34,357	-	34,357
Strategic Development Fund – Phase 2	-	-	-	-	-
Strategic Capacity Fund – Phase 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	18,176	-	18,176
Bishop Phillpotts' Prize Fund	-	790	5,693	-	6,483
	<u>-</u>	<u>5,172,162</u>	<u>6,548,243</u>	<u>-</u>	<u>11,720,405</u>
Expendable endowment					
Parsonage Houses Fund	37,022,377	-	-	-	37,022,377
Permanent endowment					
Stipends Fund Capital Account	-	31,564,339	1,643,206	(282,679)	32,924,866
Total endowments	<u>37,022,377</u>	<u>31,564,339</u>	<u>1,643,206</u>	<u>(282,679)</u>	<u>69,947,243</u>
Total	<u><u>47,567,559</u></u>	<u><u>44,103,965</u></u>	<u><u>5,043,984</u></u>	<u><u>(538,330)</u></u>	<u><u>96,177,178</u></u>

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

26. Revaluation reserve

The revaluation reserve is required by the Companies Act 2006 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	678,201	-	1,088,918	54,665	1,821,784
Parsonage Houses Fund	23,572,429	(502,051)	3,697,514	(366,914)	26,400,978
	<u>24,250,630</u>	<u>(502,051)</u>	<u>4,786,432</u>	<u>(312,249)</u>	<u>28,222,762</u>
Comparative analysis for 2019					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	651,274	-	7,168	19,759	678,201
Parsonage Houses Fund	24,581,231	-	1,153,681	(2,162,483)	23,572,429
	<u>25,232,505</u>	<u>-</u>	<u>1,160,849</u>	<u>(2,142,724)</u>	<u>24,250,630</u>

27. Capital commitments

	2020 £	2019 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	62,058	67,231
Repairs to properties	19,051	125,008
	<u>81,109</u>	<u>192,239</u>

Private Finance Initiative (PFI) payments are due in half-yearly instalments. The payments cover the Company (through the Diocese of Truro Education Trusts) share of the building costs, the costs of financing the scheme and a small share of ongoing maintenance costs. The amounts shown are the total costs over the period of the scheme.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

28. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Land and buildings		
Within one year of the balance sheet date	53,200	53,200
In the second to fifth years inclusive of the balance sheet date	130,467	183,667
Beyond 5 years of the Balance Sheet date		-
	183,667	236,867
Other operating leases		
Within one year of the balance sheet date	5,558	5,871
In the second to fifth years inclusive of the balance sheet date	4,555	8,442
	10,113	14,313

29. Pensions

Clergy

The Company participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means 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 (2020: £559,586, 2019: £553,403), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £567,586 for 2020 (2019: credit of £270,597).

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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2% per annum;
- Retail Price Index inflation of 3.4% per annum (and pension increases consistent with this);
- increase in pensionable stipends of 3.4% per annum; and
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

As at 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the Balance Sheet liability over 2019 and over 2020 is set out in the table below:

	2020 £	2019 £
Balance sheet liability at 1 January	517,679	1,576,875
Deficit contribution paid	(237,645)	(235,196)
Interest cost (recognised in SoFA)	4,000	31,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	4,000	(855,000)
Balance Sheet liability at 31 December	288,034	517,679

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% p.a.	1.1% p.a.	2.1% p.a.
Price inflation	3.1% p.a.	2.8% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a.	1.3% p.a.	1.6% p.a.

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

Lay

The Company participates in the Church Workers Pension Fund (CWPF) which 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.

Defined Benefit Scheme (DBS)

The Company participates in the DBS section of the 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 DBS section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £34,796, 2019: £42,283), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £48,796 for 2020 (2019: £49,283).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 41.4% of pensionable salary and expenses of £6,100 per year. In addition, deficit payments of £38,046 per year have been agreed for 10 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2020 £	2019 £
Balance sheet liability at 1 January	293,651	313,697
Deficit contribution paid	(38,046)	(38,046)
Interest cost (recognised in SoFA)	4,000	7,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	10,000	11,000
Balance Sheet liability at 31 December	269,605	293,651

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

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

	December 2019	December 2018	December 2017
Discount rate	1.40%	2.30%	1.00%

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

The next valuation of the scheme is being carried out as at December 2019.

Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the Company participates in the PBS section of the 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 PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The Company does not have any members in the Pension Builder 2014 scheme.

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.

There is no sub-division of assets between employers in the Pension Builder Classic scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS'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 (2019: £70,536, 2018: £46,667).

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 2016.

For the Pensions Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

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

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

29. Pensions (continued)

Balance Sheet reconciliation

	2020 £	2019 £
Clergy pension liability at 31 December	288,034	517,679
Lay pension liability at 31 December	269,605	293,651
Total pension liability at 31 December	557,639	811,330
Creditors: amounts falling due within one year	180,000	273,000
Creditors: amounts falling due after more than one year	377,639	538,330

30. Transactions with directors

The directors derive no financial benefit for their services as directors other than the re-imbursement of their out-of-pocket expenses. In 2020, 3 directors were paid £6,059 (2019: 7 directors £12,926). However, of the directors listed on page 13, the Company also remunerated the Archdeacons, the Chairman of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

The Company enters into transactions, on a regular basis, with other autonomous organisations within the Church of England e.g. parishes (including the Cathedral), the Archbishops' Council and the Church Commissioners. From time to time, certain directors may serve on committees of other bodies, or on the General Synod. It is not considered appropriate to report the detail of such transactions since no individual or group of individuals so serving has any significant influence over any material transactions.

31. Funds held on behalf of others

The Company is custodian trustee for the following investment assets held on behalf of Parochial Church Councils in accordance with the Parochial Church Councils (Powers) Measure 1956.

	2020 £	2019 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	4,487,471	4,297,331
	4,692,671	4,502,531
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,076,259	2,111,469
	2,082,459	2,117,669

The TDBF also acts as custodian trustee in relation to PCC property. These assets are held separately to those of the TDBF.

The Company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2020, the Company held £193,169 (2019: £258,097) in designated bank accounts separate from those of the Company.

32. Contingent liability

The Company has agreed to act as guarantor for a grant of £500,000 which in the event that the clauses of the funding agreement aren't met and the PCC cannot repay the funds the Company will be called upon to repay it.

The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

33. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Income and endowments from:				
Donations:				
Parish contributions	3,539,385	-	-	3,539,385
Archbishops' Council	899,460	-	-	899,460
Other	133,150	478,090	-	611,240
Charitable activities – statutory fees etc	262,126	-	-	262,126
Other activities	106,139	258,651	-	364,790
Investments	568,017	54,745	961,780	1,584,542
Other	-	-	-	-
Total	5,508,277	791,486	961,780	7,261,543
Expenditure on:				
Raising funds	157,541	-	143,276	300,817
Charitable activities	7,105,665	592,954	(855,000)	6,843,619
Other resources expended	314,923	-	178,168	493,091
Total	7,578,129	592,954	(533,556)	7,637,527
Net incoming resources before realised gains	(2,069,852)	198,532	1,495,336	(375,984)
Net gains on investment assets	1,086,145	850,018	3,108,888	5,045,051
Net incoming resources before transfers	(983,707)	1,048,550	4,604,224	4,669,067
Transfer between funds	2,441,854	647,616	(3,089,470)	-
Net income for the year	1,458,147	1,696,166	1,514,754	4,669,067
Unrealised gains on revaluation	7,168	-	1,153,681	1,160,849
Net movement in funds	1,465,315	1,696,166	2,668,435	5,829,916
Fund balances at 1 January 2019	13,044,215	10,024,239	67,278,808	90,347,262
Fund balances at 31 December 2019	14,509,530	11,720,405	69,947,243	96,177,178

TDBF accounts 2020 final

Final Audit Report

2021-06-08

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