

Company Registration No. 00049825
Charity No. 248330

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

FINANCIAL STATEMENTS

31 December 2019

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

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Trustees' Annual Report

For the year ended 31 December 2019

With God, all things are possible

The headline of this report is that "with God, all things are possible." These were the words with which Philip Mounstephen began his ministry among us as Bishop of Truro in January 2019. They are words spoken by Jesus to his disciples in St Matthew's gospel, words spoken about blessing, wealth, responsibility and hope.

Everything in these pages and in the life of our churches is only possible by God's grace, so this report is a thanksgiving for that grace. We also write with a profound hopefulness in God's ongoing blessing for Cornwall, for the Isles of Scilly, and for two fortunate parishes in Devon.

There are three financial "headlines" in this report:

Today's giving is not paying for today's church.

In May 2018, Truro Diocesan Synod agreed a resolution that "today's giving should resource today's church." This approach was to avoid using reserves for day-to-day ministry costs and to release other income for new activity ("tomorrow's church").

The approach was implemented in 2019 with a new system for calculating the funds that parishes contribute towards the cost of ministry, through the MMF. However, this report reveals that during 2019 the gap between "today's giving (MMF contributions)" and the "cost of ministry" has widened by £218k, in 2018 the gap was £782k and in 2019 it rose to £1,000k. The "cost of ministry" is authorised ministry costs and includes clergy stipends, pension and housing costs and ministry training costs with income from parochial fees, parsonages and glebe deducted.

We are investing together in the future of the church.

The TDBF is making a large investment in mission, principally through the "Transforming Mission" (TM) project. The project is in two parts, TM Falmouth and TM Phase 2.

TM Falmouth is a £1,869k six year project, June 2019 was the end of year two. £665k will be financed by the Board of Finance and £1,204k from national church grants.

TM Phase 2 began in 2019; it is a much larger project working in four areas across Cornwall. The TM Phase 2 total budget is £4,130k: the Board of Finance will provide £1,139k, the national church has agreed grants of £1,708k, and £1,283k will come through the local churches (including grants from other organisations).

The value of our investments has increased.

The stock market did very well in 2019, more than making up for a poor performance in 2018. In 2019 the value of our unlisted investments and glebe went up by £4,200k. However, as explained in note 32 to the financial statements, as at 31 March 2020, the value has fallen by £4,200k, wiping out these unrealised investment gains.

Property valuations also increased in 2019, by £1,160k.

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 2019.

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 Truro Diocesan Board of Finance 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;

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Legal Objects (continued)

- to raise, expend, invest and accumulate funds and income for the above purposes;
- to remunerate employees of the company, to make payments for insurance on their behalf, and to make provision for any person, or the dependants of any person, who is or has been in the employment of the company;
- to promote or oppose, or join in promoting or opposing legislative and other measures affecting or likely to affect any of the objects or work of the company, or any body of persons, the aid or benefit of which is within the objects of the company;
- to acquire and hold or sell and dispose of houses and land of any tenure either in the name of the company or in the name of a trustee or trustees for the company.

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 2019, the trustees of the Truro Diocesan Board of Finance (TDBF), working as the Bishop's Diocesan Council (BDC), supported Bishop Philip in beginning to form a strategy for the common life of the diocese and for the Board of Finance.

This strategic response describes:

- a church that conspicuously celebrates children and young people at its heart;
- a church that unashamedly embraces a pioneering culture;
- a church that is increasingly confident in its calling;
- a church that rejoices in strong, warm and mutually encouraging international links; and
- a church that rejoices in the generosity of God.

These are the "five priorities" for the diocese; they will form the framework for a more detailed strategy in 2020.

The business model for the Board of Finance in 2019 was 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 has been managed in line with the various statutory and trust obligations that relate to different parts of it; and
- trustees have used "Total Return" to release capital for investment in growth at parish level. Trustees seek and continue to receive additional grant funding from the Church Commissioners and others to support growth.

Activities and achievements during the year

In January 2019 Philip Mounstephen began his ministry as Bishop of Truro. Bishops are called as shepherds to serve and care for the flock of Christ, they are to love and pray for those committed to their charge, knowing their people and being known by them. A bishop's ministry is to all the people in their diocese, but they are to have a special care for the poor, the outcast and those who are in need.

The Bishop of Truro, acting as President of the Diocesan Synod, has particular responsibilities for the Diocesan Board of Finance. The bishop is the Chair of Trustees and chairs meetings of the Bishop's Diocesan Council; the bishop nominates the Chair of the Board of Finance; and the bishop nominates individuals to serve as members of the standing committee.

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Activities and achievements during the year (continued)

From the outset of his ministry among us, Bishop Philip has described five priorities.

We are to be:

- 'A Church that conspicuously celebrates children and young people at its heart,' because Jesus placed a child in the centre as a model for us all;
- 'A Church that unashamedly embraces an innovative pioneering culture,' because Jesus is 'the pioneer and perfecter of our faith'¹ who in his incarnation, cross and resurrection crossed every boundary;
- 'A Church that is increasingly confident in its calling,' because Jesus was wholly obedient to his Father's will;
- 'A Church that rejoices in strong, warm and mutually encouraging international links,' because we proclaim that Jesus is Lord of all, and his Kingdom knows no boundaries; and
- 'A Church that rejoices in the generosity of God,' because Jesus trusted wholly in his Father's provision.

During 2019 the bishop gathered five groups from across the diocese to attend to these five priorities and to report back to him with plans, reflections and challenges. This work formed the backdrop to the activity of the Board of Finance during 2019.

Key strategic decisions taken by trustees in 2019 were:

- to proceed with TM Phase Two, committing (over six years) £1.139 million from reserves to the project, and securing £1.708 million of grant funding from the Church Commissioners;
- to support a number of Mission projects at parish level, outside of the TM programme and funded through Total Return, with total investment of £328k over a maximum of 6 years;
- to continue support for the "Living Water" project to support Local Pastoral Ministry teams in parishes at a cost of £12.6k in 2019;
- a review of Glebe strategy, and to complete a strategic review of each piece of glebe to assess its potential future uses;
- to increase the diocesan safeguarding provision, especially in light of the PCR2 (past case review 2) in 2020;
- to commit to a review of governance, reporting in 2020; and
- to support the appointment of a Bishop of St Germans in succession to Bishop Chris Goldsmith.

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.

¹ Hebrews 12:2

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The Christian Presence (continued)

Altogether the diocese has, as at 31 December, the following people involved in authorised ministry:

	<u>2019</u>	<u>2018</u>
Stipendiary priests	73	69
Self-supporting priests	12	14
'House for Duty' priests	6	7
Stipendiary curates	14	13
Self-supporting curates	11	6
Readers	116	110
Priests with Permission to Officiate (incl retired and non retired)	170	171
Local Worship Leaders	331	351
Local Pastoral Ministers	305	317

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." 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.

The DBE conducted a detailed review of the way in which we work with schools and parishes, and following this appointed a new Director for Schools in June 2019.

Statutory testing in the summer of 2019 indicated that outcomes for pupils in church schools in Cornwall overall were in line with, or better than, outcomes for children in other schools in Cornwall. This represents a significant raising of standards over the last five years in line with the core ambition of the DBE.

During 2019, the Diocese of Truro was named a "trailblazer diocese" for the Church of England's new "Growing Faith" adventure. Growing Faith seeks to renew our engagement with children, young people and families by paying special attention to the opportunities where families, schools and churches coincide.

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

The Trustees are confident that "with God, all things are possible." This fundamental confidence is at the heart of our plans and gives flavour to the approach for 2020 and beyond.

For the church in our diocese to flourish, we need healthy local churches and healthy finances to support them, trustees recognise that our sustainable financial health is not yet strong and that significant work remains in this regard.

In particular, Trustees have identified that the approach to the gap between cost of ministry and income from parishes needs careful attention. Trustees are concerned that simply reducing the cost of ministry by cutting stipendiary posts (typically by not replacing clergy when they leave posts and by organising ever-larger benefices) does not obviously serve the flourishing of the local church.

The Board has commissioned a review of governance so that our organisational and leadership structures are fit for purpose, this work will take place in the first half of 2020.

The Board has committed to a process of five-year planning to achieve better parochial and financial health; this planning will lead to balanced budgets within that period, but will require continued investment from Total Return to achieve that.

Five year planning will draw on the work of the groups attending to the five priorities. The plan will follow thorough reviews of major income and expenditure areas, including the principles behind current arrangements for MMF, the use of Total Return, the use of "Lowest Income Communities Funding" grants from the Church Commissioners, deployment of parish clergy and deanery planning, Church House staffing and capacity, and expectations for the TM programme.

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Plans for the future (continued)

Trustees expect to receive the outline of a five year plan during 2020 and to present this to Members at Synod. Trustees are mindful that our balance sheet gives us time to lead change well; it does not give us permission to carry on as we are. We are not looking for a final version of "a plan" in 2020; we expect it to be an iterative and evolving work that springs from the five priorities described above, hence we describe the work as a process of five year planning.

As we work towards planning for a five-year period, we expect to measure, describe and understand certain key elements, including:

- how well we respond to the five priorities;
- how local churches flourish;
- how blessings emerge from investment in mission;
- how we respond to poverty and disadvantage; and
- how governance and leadership are effective.

Alongside these measures, trustees will be looking for financial sustainability.

Financial Review

Financial performance

The SOFA for the year shows total income of £7,262k (2018: £7,175k) and total expenditure of £7,638k (2018: £7,819k), resulting in net expenditure of £376k (2018: £644k).

The increase in income of £86,000 is due to increased investment income and grant income for the Transforming Mission projects which is offset by reduced income from Mission & Ministry Fund (MMF) contributions and statutory fees.

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 2019 this income reduced by £98k to £3,539k (2018: £3,637k). The MMF collection rate fell to 72.27%, the lowest it has ever been.

Expenditure decreased by £181,000. This is due to a reduction in the clergy stipends of £46k and clergy pension liability of £855k which are partly offset by increased realised losses on disposal of assets in 2019 of £467k and an increase in support costs of £97k.

In addition, the gains on investments assets of £5,000k and the unrealised gains on property revaluations of £1,160k contributed to the total fund balances increasing from £90,347k to £96,177k.

Significant property transactions

In 2019 TDBF sold 6 properties, for net proceeds of £2,963k, that were surplus to requirements or being replaced by more suitable properties and purchased 3 properties for £1,210k.

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 £96,177k (2018: £90,347k). This includes properties totalling £47,533k (2018: £48,545k), 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 current 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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	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	250k	-	-	250k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	11,230k	-	11,230k
Diocesan Pastoral Account - Benefice Accounts	-	-	6,000k	6,000k
Total	1,850k	11,230k	7,200k	20,280k

As at 31 December 2019 the amount of readily realisable assets in the General Fund required under the policy is £1,850k (2018: £1,700k), as per the table above. Actual free reserves as at 31 December 2019 amounted to £3,397k (2018: £1,681k) which is above the target amount. With the covid-19 pandemic impacting the world since the year end the additional General Fund balance will be used to finance the fall in income which is anticipated in 2020, as the £500k included in the reserves policy is not considered to be adequate. At this early stage of the pandemic it is difficult to quantify the impact on the DBF but it is anticipated that the deficit might increase by as much as £1m from that which was budgeted.

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 2019 total designated reserves were £11,077k (2018: £11,363k). At the end of the year, the amount of the Pastoral Account that must be ringfenced pending proposed pastoral reorganisations amounted to £4,900k (2018: £6,900k).

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 £9,610k (2018: £10,040k) and endowment funds totalled £70,144k (2018: £67,279k). Neither is available for the general purposes of the TDBF.

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 2019.

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. 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

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Investment policies (continued)

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.

The company holds investments across the range of The CBF Church of England Funds (representing 77% of the total value of the company's investments of £28,200k (excluding Glebe) at 31 December 2018). The remaining 23% of this £28,200k are held in M&G's Charifund (see note 20).

The Investment Management Committee has adopted an Industry standard benchmark, the WMA Balanced Index for performance comparisons. The WMA Balanced Index rose by 13.1% in capital terms in 2019. The TDBF portfolio rose by 18.7% in the same period.

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 2020 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 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 not to make a transfer from unapplied total return to unrestricted income funds in 2018 but did in 2019. 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 2019 is indicated in note 12.

The Funds for Mission panel consider grant applications under £3,000 and the Bishop's Diocesan Council 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 Executive committee and the Diocesan Secretary.

Risk management training was provided in late 2019 and a new policy will be implemented during the first half of 2020.

The risk register identifies the following areas where the risk of either failure to act or the impact of the events is considered 'high'. These areas and the associated mitigation strategies are:

- Strategic: lack of engagement with Diocese by congregations, clergy and PCC officers.
 - various mediums of communications;
 - regular review of strategy;
 - new ways of doing church, eg Transforming Mission;
 - revised approach to MMF; and
 - Accompanied Ministry Development (AMD) and Transitions work bringing parishes together to plan for growth.

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Principal risks and uncertainties (continued)

- Mission and Ministry Fund (MMF): income not sufficient to cover expenditure, in particular costs of ministry.
 - the relatively new approach to MMF is widely accepted as a fairer method of allocating MMF, and diocesan synod has adopted the basic principle that the church of today, operating at deanery level, will pay for the costs of ministry for today's church. However, the gap between MMF contributions and the cost of ministry widened in 2019;
 - collection statistics are produced and circulated on a monthly basis;
 - rural deans and deanery treasurers are provided with full information about the payment status of all parishes;
 - the accounts of parishes for 2019 will be analysed to determine the extent that reserves have been used to top up MMF payments, or are being retained or built up at the expense of MMF payments; and
 - Diocesan personnel will be discussing MMF concerns with affected parishes.
- Lowest Income Communities Funding (LInC): loss of income due to inability to meet funding criteria
 - working with Church Commissioners to ensure funding criteria are met.
- Education: a high profile and catastrophic failure of the safeguarding responsibility which sits with schools.
 - supporting governance and leadership in schools.
- Education: school closure.
 - risk assessing vulnerable schools;
 - long term work to develop national policy for small schools (including participation in publication of national report for small and rural schools);
 - proactive communications support for schools;
 - regional conference for small and rural schools; and
 - participated in national report on small and rural schools.
- Safeguarding: a failure to deliver the Safeguarding Strategy, Training Strategy and Action plans due to capacity and/or competing priorities, especially with PCR2 in 2020.
 - action plan and training programme in place; and
 - quarterly reports to BDC and Diocesan Safeguarding Advisory Panel .

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.

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The National Church Institutions (continued)

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 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.

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

Trustees' Annual Report

For the year ended 31 December 2019

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, 47 clergy members elected by the houses of clergy in Deanery Synods, 53 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 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;
- 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 who 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:

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

Trustees' Annual Report

For the year ended 31 December 2019

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

- 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.

The Executive

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 up to six Governors appointed by the Board of Directors on the nomination of the Bishop 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 Executive 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 £4.5m at 31 December 2019 (2018: £4.0m), 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.

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

Trustees' Annual Report

For the year ended 31 December 2019

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 2019, the Company held £258,097 (2018: £248,280) 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.

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 contribute 6% of their pensionable salaries.

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.

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

Trustees' Annual Report

For the year ended 31 December 2019

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. C D Goldsmith (resigned 30 September 2019) The Very Revd. R C Bush (The Dean) The Ven. P D Bryer (Archdeacon of Cornwall) (appointed 6 Sept 2019) The Ven. A A Elkington (Archdeacon of Bodmin) (and acting Archdeacon of Cornwall until 6 Sept 2019)

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

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 (Governors)

	Lay Canon Mr R J Perry Mrs C E Irwin Lay Canon Mr A Keast (resigned 17 December 2019) The Revd. Canon A E Brown Dr A G Thompson
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Company Secretary	Lay Canon Mrs E Pollard (resigned 16 March 2020) The Revd. Canon S Cade (appointed 16 March 2020)
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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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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2019

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
Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London M&G Investments, Governor's House, 5 Laurence Pountney Hill, 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 20 April 2020 and was signed on its behalf by:

The Rev Canon S Cade
Company Secretary

M 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 2019 which comprise the Statement of Financial Activities, the Summary 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 2019, 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.

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.

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

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)

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' Report (which includes 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 directors' report included within the Trustees' 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 Trustees' Report (which incorporates the directors' report).

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's 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic 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)
10 Queen Street Place
For and on behalf of Haysmacintyre LLP, Statutory Auditors
London
20 April 2020
EC4R 1AG

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

Statement of Financial Activities

For the year ended 31 December 2019

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2019 £	2018 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,539,385	-	-	3,539,385	3,637,402
Archbishops' Council		899,460	-	-	899,460	894,158
Other		133,150	478,090	-	611,240	456,567
Charitable activities – statutory fees		262,126	-	-	262,126	311,862
Other activities	4	106,139	258,651	-	364,790	364,099
Investments	5	568,017	54,745	961,780	1,584,542	1,470,403
Other	6	-	-	-	-	40,843
Total		5,508,277	791,486	961,780	7,261,543	7,175,334
Expenditure on:						
Raising funds	7	157,541	-	143,276	300,817	327,352
Charitable activities	8	7,105,665	592,954	(855,000)	6,843,619	7,465,458
Other resources expended	9	314,923	-	178,168	493,091	26,206
Total		7,578,129	592,954	(533,556)	7,637,527	7,819,016
Net (outgoing) resources before realised gains		(2,069,852)	198,532	1,495,336	(375,984)	(643,682)
Net gains/(losses) on investment assets		1,086,145	850,018	3,108,888	5,045,051	(924,636)
Net incoming/(outgoing) resources before transfers		(983,707)	1,048,550	4,604,224	4,669,067	(1,568,318)
Transfer between funds	13	2,441,854	647,616	(3,089,470)	-	-
Net income/(expenditure) for the year		1,458,147	1,696,166	1,514,754	4,669,067	(1,568,318)
Unrealised gains/(losses) on revaluation	14	7,168	-	1,153,681	1,160,849	(289,302)
Net movement in funds	15	1,465,315	1,696,166	2,668,435	5,829,916	(1,857,620)
Fund balances at 1 January 2019		13,044,215	10,024,239	67,278,808	90,347,262	92,204,882
Fund balances at 31 December 2019		14,509,530	11,720,405	69,947,243	96,177,178	90,347,262

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

Income and Expenditure Account,

For the year ended 31 December 2019

	2019 £	2018 £
Total incoming resources	6,299,763	7,134,492
Resources expended	(8,171,083)	(7,879,016)
	_____	_____
Operating deficit for the year	(1,871,320)	(744,524)
Net gains/(losses) on investments	1,936,163	(446,901)
	_____	_____
Net income/(expenditure) for the year	64,843	(1,191,425)
Other comprehensive (expenditure)/income		
Revaluation of fixed assets	7,168	(808,789)
Net assets transferred from endowments	3,089,470	1,904,377
	_____	_____
Total comprehensive income/(expenditure)	3,161,481	(95,837)
	=====	=====

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 2019

	Notes	2019 £	2018 £
Fixed assets			
Tangible assets	19	47,567,559	48,581,619
Investments	20	44,103,965	39,807,012
		<hr/>	<hr/>
		91,671,524	88,388,631
		<hr/>	<hr/>
Current assets			
Stock		1,213	-
Debtors	21	648,724	493,211
Cash at bank and in hand	22	5,325,820	4,382,725
		<hr/>	<hr/>
		5,975,757	4,875,936
		<hr/>	<hr/>
Creditors: amounts falling due within one year			
Other creditors	23	931,773	1,339,733
		<hr/>	<hr/>
Net current assets		5,043,984	3,536,203
		<hr/>	<hr/>
Total assets less current liabilities		96,715,508	91,924,834
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	29	538,330	1,577,572
		<hr/>	<hr/>
Net assets		96,177,178	90,347,262
		<hr/>	<hr/>
Funds employed			
Unrestricted funds		14,509,530	13,044,215
Restricted funds		11,720,405	10,024,239
Expendable endowment			
Parsonage Houses Fund		37,022,377	38,087,914
Permanent endowments			
Stipends Fund Capital Account		32,924,866	29,190,894
		<hr/>	<hr/>
Total endowments		69,947,243	67,278,808
		<hr/>	<hr/>
Total funds employed	25.4	96,177,178	90,347,262
		<hr/>	<hr/>
The revaluation reserve included in the above funds is:	26	24,250,630	25,232,505
		<hr/>	<hr/>

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 20 April 2020 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 2019

	£	2019 £	£	2018 £
Net cash outflow from operating activities		(2,531,564)		(748,877)
Cash flows from investing activities				
Dividends, interest and rent from investments	1,057,869		990,917	
Interest paid	-		269	
Proceeds from the sale of:				
Tangible fixed assets	2,963,410		1,511,196	
Fixed asset investments	1,842,174		857,983	
Purchase of:				
Tangible fixed assets for the use of the Board of Finance	(1,294,719)		(1,681,779)	
Fixed asset investments	(1,094,075)		(96,487)	
		<hr/>		<hr/>
Net cash provided by investing activities		3,474,659		1,582,099
		<hr/>		<hr/>
Change in cash and cash equivalents in the reporting period		943,095		833,222
Cash and cash equivalents at 1 January 2019		4,382,725		3,549,503
		<hr/>		<hr/>
Cash and cash equivalents at 31 December 2019		5,325,820		4,382,725
		<hr/> <hr/>		<hr/> <hr/>
Reconciliation of net movements in funds to net cash flow from operating activities				
Net movement in funds for the year ended 31 December 2019		5,829,916		(1,857,620)
Adjustments for:				
Depreciation charges		13,126		15,548
Dividends, interest and rent from investments		(1,057,869)		(990,917)
Interest paid		-		(269)
Loss/(Profit) on sale of functional assets		493,091		(14,636)
(Increase)/decrease in value of investment assets		(6,205,900)		1,213,937
Decrease/(increase) in loans to parishes		(147,000)		106,598
(Increase) in stock		(1,213)		-
(Increase)/decrease in debtors		(8,513)		458,257
(Decrease)/increase in creditors		(367,960)		333,572
Defined benefit pension costs less contributions payable		(1,117,242)		(38,347)
Defined benefit pension finance costs		38,000		25,000
		<hr/>		<hr/>
Net cash (used in) operating activities		(2,531,564)		(748,877)
		<hr/> <hr/>		<hr/> <hr/>
Analysis of cash and cash equivalents				
Cash in hand		5,325,820		4,382,725
		<hr/> <hr/>		<hr/> <hr/>

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 113 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 81 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* (SORP 2015), 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 principal uncertainties, related 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) and parochial fee, rental and investment income are all expected to fall in 2020. There will be some cost savings to reduce the impact of the reduced income and 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)	149,848
Ministry in parishes (note 10)	203,793
Support for ministry in parishes (note 10)	462,490

The Company became VAT registered on 1 December 2019. 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. A proportion of the parsonage houses are revalued each year on a five year cycle, so that at the end of the five years all properties would have been revalued.

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 2015. 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 £	2019 £
Current year call	4,806,540	-	-	4,806,540
Shortfall in contributions	(1,332,916)	-	-	(1,332,916)
	<u>3,473,624</u>	<u>-</u>	<u>-</u>	<u>3,473,624</u>
Receipts for previous year	65,761	-	-	65,761
	<u>3,539,385</u>	<u>-</u>	<u>-</u>	<u>3,539,385</u>

Current year MMF receipts represent 72.27% of the total call (2018: 73.53%) or, when receipts for previous years are included, 73.64% of the total call (2017: 73.97%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Selective allocations	859,722	-	-	859,722
Contribution to registrar's retainer	39,738	-	-	39,738
	<u>899,460</u>	<u>-</u>	<u>-</u>	<u>899,460</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Allchurches Trust	98,750	-	-	98,750
Marshall's Charity	-	-	-	-
Strategic Capacity Funding	-	-	-	-
CEMES grant	-	3,000	-	3,000
Strategic Development Funding - Falmouth	-	245,956	-	245,956
Strategic Development Funding – Phase 2	-	14,611	-	14,611
RME	-	146,916	-	146,916
Schools Direct	-	-	-	-
Transition Funding	-	4,869	-	4,869
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
	<u>133,150</u>	<u>478,090</u>	<u>-</u>	<u>611,240</u>

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

Notes to the financial statements

3. Comparative analysis for 2018 (continued)

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Current year call	4,917,554	-	-	4,917,554
Shortfall in contributions	(1,301,898)	-	-	(1,301,898)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,615,656	-	-	3,615,656
Receipts for previous year	21,746	-	-	21,746
	<hr/>	<hr/>	<hr/>	<hr/>
	3,637,402	-	-	3,637,402
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Selective allocations	859,680	-	-	859,680
Contribution to registrar's retainer	34,478	-	-	34,478
	<hr/>	<hr/>	<hr/>	<hr/>
	894,158	-	-	894,158
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Allchurches Trust	97,032	-	-	97,032
Marshall's Charity	-	10,000	-	10,000
Strategic Capacity Funding	-	440	-	440
CEMES grant	-	4,667	-	4,667
Strategic Development Funding - Falmouth	-	126,764	-	126,764
RME	-	106,645	-	106,645
Schools Direct	10,050	-	-	10,050
Transition Funding	-	3,670	-	3,670
Strategic Capacity Funding – Phase 2	-	15,435	-	15,435
Contribution towards church schools:				
Department for Education	-	45,281	-	45,281
Donations from individuals	17,234	6,330	-	23,564
Other contributions	13,019	-	-	13,019
	<hr/>	<hr/>	<hr/>	<hr/>
	137,335	319,232	-	456,567
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Rents from Parsonage houses	-	258,651	-	258,651
Other stipends income	-	-	-	-
Recoverable costs	14,078	-	-	14,078
Community café income	92,061	-	-	92,061
Compensation	-	-	-	-
Bishop Phillpotts Library	-	-	-	-
	<u>106,139</u>	<u>258,651</u>	<u>-</u>	<u>364,790</u>

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Rents from Parsonage houses	-	232,243	-	232,243
Other stipends income	51	-	-	51
Recoverable costs	13,637	-	-	13,637
Community café income	51,265	-	-	51,265
Compensation	41,000	-	-	41,000
Bishop Phillpotts Library	-	25,903	-	25,903
	<u>105,953</u>	<u>258,146</u>	<u>-</u>	<u>364,099</u>

5. Investment income

	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>

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Dividends and interest	973,068	17,849	-	990,917
Rents:				
Board properties	73,533	-	-	73,533
Glebe estate	369,507	-	-	369,507
Redundant schools	-	36,446	-	36,446
	<u>1,416,108</u>	<u>54,295</u>	<u>-</u>	<u>1,470,403</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 £	2019 £
Realised gains on disposal of assets for the charity's own use	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Realised gains on disposal of assets for the charity's own use	1	-	40,842	40,843
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Fund raising costs

	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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	157,541	-	143,276	300,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Glebe: Outgoings	125,082	-	-	125,082
Management charges	46,702	-	-	46,702
Pension scheme deficit	-	-	25,000	25,000
Let vacant parsonages (management charges)	733	1,694	-	2,427
Central support costs	128,141	-	-	128,141
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	300,658	1,694	25,000	327,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

Notes to the financial statements

8. Charitable activities

	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
	<hr/>	<hr/>	<hr/>	<hr/>
	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
	<hr/>	<hr/>	<hr/>	<hr/>
	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
Lay scheme pension deficit	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,646,092	407,337	-	2,053,429
Expenditure on Education				
Support for church schools and parishes	111,492	185,617	-	297,109
	<hr/>	<hr/>	<hr/>	<hr/>
	7,105,665	592,954	(855,000)	6,843,619
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

8. Comparative analysis for 2018 (continued)

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Contributions to Archbishops' Council				
Training for Ministry	152,246	-	-	152,246
National Church responsibilities	121,194	-	-	121,194
Grants and provisions	13,215	-	-	13,215
Mission Agency pension contributions	1,482	-	-	1,482
Retired clergy housing costs (CHARM)	51,178	-	-	51,178
	<hr/>	<hr/>	<hr/>	<hr/>
	339,315	-	-	339,315
	<hr/>	<hr/>	<hr/>	<hr/>
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,260,346	-	-	2,260,346
Pension contributions	528,942	-	(85,000)	443,942
Home/parish mileage	7,885	-	-	7,885
Sundry clergy related costs	17,124	-	-	17,124
Housing costs	1,442,997	10,000	-	1,452,997
Property management charges	132,030	-	-	132,030
Resettlement and associated costs	112,012	-	-	112,012
Other payments (including CMED)	228,929	-	-	228,929
Central support costs	176,908	-	-	176,908
	<hr/>	<hr/>	<hr/>	<hr/>
	4,907,173	10,000	(85,000)	4,832,173
	<hr/>	<hr/>	<hr/>	<hr/>
Support for ministry and mission				
Mission Fund grants	(44,283)	33,813	-	(10,470)
Diocesan support for ordinands in training	109,789	106,645	-	216,434
Training and development	180,764	4,666	-	185,430
MAPPING and other functions of DMPC	127,725	-	-	127,725
Specialist ministries	150,984	4,110	-	155,094
Social Responsibility	23,684	-	-	23,684
Diocesan Advisory Committee	34,228	-	-	34,228
Chancellor's and Registrar's retainers	62,717	-	-	62,717
Faculty fees	28,828	-	-	28,828
Communications	106,621	-	-	106,621
Closed church expenditure	-	40,314	-	40,314
General Synod members' expenses	6,603	-	-	6,603
Central support costs	402,584	-	-	402,584
Transforming Mission – Falmouth	178,653	126,764	-	305,417
Transforming Mission – Phase 2	-	15,435	-	15,435
Lay scheme pension deficit	313,000	-	-	313,000
	<hr/>	<hr/>	<hr/>	<hr/>
	1,681,897	331,747	-	2,013,644
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on Education				
Support for church schools and parishes	121,923	158,403	-	280,326
	<hr/>	<hr/>	<hr/>	<hr/>
	7,050,308	500,150	(85,000)	7,465,458
	<hr/>	<hr/>	<hr/>	<hr/>

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

Notes to the financial statements

9. Other resources expended

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Realised loss on disposal of assets for the charity's own use	314,923	-	178,168	493,091

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Realised loss on disposal of assets for the charity's own use	26,206	-	-	26,206

10. Analysis of expenditure including allocation of support costs

	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

Comparative analysis for 2018

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2018 £
Raising funds	199,211	-	128,141	327,352
Charitable activities:				
Contributions to Archbishops' Council	-	339,315	-	339,315
Resourcing parish ministry	4,502,603	109,391	176,908	4,788,902
Support for ministry and mission	1,577,247	33,813	402,584	2,013,644
Education	280,326	-	-	280,326
	6,559,387	482,519	707,633	7,749,539

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 2019
	General	Designated			
	£	£	£	£	£
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
	<u>815,171</u>	<u>-</u>	<u>960</u>	<u>-</u>	<u>816,131</u>

Comparative analysis for 2018

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2018
	General	Designated			
	£	£	£	£	£
Central administration	626,081	-	-	-	626,081
Governance:					
External audit	8,760	-	-	-	8,760
Registrar and Chancellor	62,717	-	-	-	62,717
Synodical costs	10,075	-	-	-	10,075
	<u>707,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>707,633</u>

12. Analysis of grants made

	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	-
	<u>71</u>	<u>166,612</u>	<u>86,959</u>	<u>253,571</u>	<u>109,391</u>
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	-	-	-	-
	<u>19</u>	<u>-</u>	<u>44,825</u>	<u>44,825</u>	<u>33,813</u>
	<u>95</u>	<u>166,612</u>	<u>483,458</u>	<u>650,070</u>	<u>482,519</u>

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

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2018

	Number	Individuals £	Institutions £	2018 £	2017 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	339,315	339,315	329,207
From unrestricted funds:					
Resettlement and first incumbency grants	26	63,336	-	63,336	37,294
Doing Church Differently grants	2	-	(44,283)	(44,283)	(7,000)
Ordinands in training	11	87,838	-	87,838	93,783
Clergy for training	14	2,500	-	2,500	4,232
	53	153,674	(44,283)	109,391	128,309
From restricted funds for various purposes:					
Mission initiatives in parishes	14	-	32,313	32,313	53,733
Churches Together organisations	1	-	1,500	1,500	1,000
Overseas mission work	0	-	-	-	11,977
	15	-	33,813	33,813	66,710
Group and company	73	153,674	328,845	482,519	524,226

13. Transfer between funds

	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)
	2,441,854	647,616	(3,089,470)
Comparative analysis for 2018			
	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	1,263,919	(1,263,919)	-
Payments to acquire property	-	(58,374)	58,374
Receipts from sale of property	1,230,602	-	(1,230,602)
Transfer property ownership	732,149	-	(732,149)
Group and company	3,226,670	(1,322,293)	(1,904,377)

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 £	2019 £
Revaluation of land and buildings	7,168	-	1,153,681	1,160,849

Comparative analysis for 2018

	Unrestricted funds £	Restricted funds £	Endowments £	2018 £
Revaluation of land and buildings	(806,789)	-	519,487	(289,302)

15. Net movement in funds

	2019 £	2018 £
This is stated after charging:		
Staff costs (note 16)	1,397,180	1,267,196
Redundancy costs	-	6,957
Auditors' remuneration - audit fee	14,184	7,300
- other services	2,400	4,330
Realised losses on disposals of tangible fixed assets	493,091	26,206
Operating leases - land and buildings	53,200	53,200
- other	7,538	6,202
Depreciation of tangible fixed assets	13,126	15,548
Interest payable (note 17)	-	(269)
	2019	2018
	£	£
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	-	40,842
Realised gains on disposals of investment fixed assets	777,982	232,983

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:

	2019 £	2018 £
Wages and salaries	1,123,939	1,041,194
Social security costs	102,376	97,153
Pension contributions	170,865	128,849
	<hr/>	<hr/>
	1,397,180	1,267,196
	<hr/> <hr/>	<hr/> <hr/>

The average number of persons employed during the year:

	2019	2018
Administration and financial management	13	12
Communications	2	3
Discipleship & Ministry, Stewardship	13	12
Safeguarding & inclusion	4	3
Education	3	4
Transforming Mission	11	11
	<hr/>	<hr/>
	46	45
	<hr/> <hr/>	<hr/> <hr/>

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

	2019	2018
Administration and financial management	11.4	10.8
Communications	1.5	1.6
Discipleship & Ministry, Stewardship	9.2	9.3
Safeguarding & inclusion	2.9	2.3
Education	2.6	3.0
Transforming Mission	6.3	5.0
	<hr/>	<hr/>
	33.9	32.0
	<hr/> <hr/>	<hr/> <hr/>

Remuneration of higher paid employees were as follows:

	2019 £	2018 £
£60,001 - £70,000	2	1
	<hr/> <hr/>	<hr/> <hr/>

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 2019 they were:

Diocesan Secretary and Company Secretary	Esther Pollard (resigned 16 March 2020)
Director for Ministry	Jonathan Rowe
Director of Education and Discipleship	Simon Cade
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £292,377 (2018: £285,858). Expenses were £3,518 (2018: £6,849).

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 £36,778 (2018: £36,064).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 7 Trustees (2018: 9) received travelling and out of pocket expenses, totalling £12,926 (2018: £5,703) 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 C D Goldsmith	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 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 (2018: 80) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2019 £	2018 £
Stipends	2,100,269	2,118,262
National insurance contributions	168,500	170,183
Pension costs	553,403	422,455
Apprenticeship Levy	9,550	9,660
	<hr/>	<hr/>
	2,831,722	2,720,560
	<hr/> <hr/>	<hr/> <hr/>

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £37,515 - £48,233 (2018 range £36,779 - £47,287). The annual rate of stipend, funded by the Company, paid to Archdeacons in 2018 was in the range £35,208 - £41,503 (2018 range £34,518 - £40,689) and other clergy who were Trustees were paid in the range £26,268 - £29,587 (2018 range £25,753 - £29,007).

17. Interest payable and similar charges

	2019 £	2018 £
On loans repayable within five years: Church Commissioners	-	(269)
	<hr/>	<hr/>

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 2019	10,456,744	38,087,914	48,544,658
Additions	1,209,858	73,782	1,283,640
Disposals	(1,163,502)	(2,293,000)	(3,456,502)
Revaluation adjustment	7,168	1,153,681	1,160,849
Transfer	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2019	10,510,268	37,022,377	47,532,645
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2019 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 2019	9,805,470	13,506,683	23,312,153
Additions	1,209,858	73,782	1,283,640
Disposals	(1,183,261)	(130,517)	(1,313,778)
Transfer			
	<hr/>	<hr/>	<hr/>
At 31 December 2019	9,832,067	13,449,948	23,282,015
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2019	21,538
Additions	6,680
	<hr/>
At 31 December 2019	28,218
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 January 2019	21,538
Charge for year	626
	<hr/>
At 31 December 2019	22,164
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2019	6,054
	<hr/> <hr/>
At 31 December 2018	-
	<hr/> <hr/>

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 2019	129,918
Additions	4,399
Disposals	(40,928)
	<hr/>
At 31 December 2019	93,389
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 January 2019	92,957
Disposals	(40,928)
Charge for year	12,500
	<hr/>
At 31 December 2019	64,529
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2019	28,860
	<hr/> <hr/>
At 31 December 2018	36,961
	<hr/> <hr/>

19.4 Total tangible fixed assets

	2019 £	2018 £
<i>Net book value</i>		
Freehold land and buildings	47,532,645	48,544,658
Leasehold premises	6,054	-
Office equipment	28,860	36,961
	<hr/>	<hr/>
	47,567,559	48,581,619
	<hr/> <hr/>	<hr/> <hr/>

20. Fixed asset investments

	Freehold investment property (Glebe and other) £	Unlisted investments £	Total £
<i>At valuation</i>			
At 1 January 2019	16,460,000	23,347,012	39,807,012
Additions	94,075	1,000,000	1,094,075
Disposals	(564,192)	(416,688)	(980,880)
Revaluation adjustment	(94,883)	4,278,641	4,183,758
Transfer			
	<hr/>	<hr/>	<hr/>
At 31 December 2019	15,895,000	28,208,965	44,103,965
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Glebe property was professionally valued as at 31 December 2015 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	9,319,122
The CBF Church of England UK Property Fund	1,839,676
The CBF Church of England UK Equity Fund	3,076,002
The CBF Church of England Global Equity Income Fund	6,915,583
M & G 'Charifund'	6,486,667

21. Debtors

	2019 £	2018 £
<i>Amounts falling due within one year</i>		
Trade debtors	9,123	16,840
Concessionary loans to parishes and others	179,375	32,500
Other debtors including prepayments and accrued income	455,726	439,496
	<u>644,224</u>	<u>488,836</u>
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	4,500	4,375
	<u>4,500</u>	<u>4,375</u>
	<u>648,724</u>	<u>493,211</u>

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £52,500 (2018: £0). The repayment terms of the loans range from 3 months to 7 years.

22. Cash at bank and in hand

	2019 £	2018 £
The CBF Church of England Deposit Fund	5,313,578	3,423,125
COIF Charities Deposit Fund	280,957	255,006
Barclays Bank PLC	25,873	20,669
National Westminster Bank PLC	509,555	1,133,495
Savills Client Account	99,283	46,694
Cash in hand	199	402
	<u>6,229,445</u>	<u>4,879,391</u>
Less: attributable to local trust funds	<u>(903,625)</u>	<u>(496,666)</u>
	<u>5,325,820</u>	<u>4,382,725</u>

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

Notes to the financial statements

23. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	150,176	445,457
Other creditors (including taxation and social security)	102,061	40,903
Accruals and deferred income (note 24)	406,536	540,373
Pension scheme liabilities (note 29)		
Clergy Pension Scheme	235,000	275,000
Lay Defined Benefit Scheme	38,000	38,000
	<u>931,773</u>	<u>1,339,733</u>

24. Deferred income

	2019 £	2018 £
Deferred income is included within:		
Creditors due within one year	270,239	176,238
	<u>270,239</u>	<u>176,238</u>
Deferred income at 1 January 2019	176,238	174,554
Released from previous years	(97,743)	(95,331)
Resources deferred in the year	191,744	97,015
	<u>270,239</u>	<u>176,238</u>

Included within deferred income of £270,239 (2018: £176,238) are the following balances: £47,844 (2018: £64,616) in respect of glebe deferred income and £156,579 (2018: £75,534) received in advance of entitlement.

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 2019:

	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)
Strategic Capacity Fund	-	-	-	-	-	-
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
	<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>90,347,262</u>	<u>7,261,543</u>	<u>(7,637,527)</u>	<u>6,205,900</u>	<u>-</u>	<u>96,177,178</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 2018:

Company	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	678,407	6,451,554	(7,104,834)	(379,229)	2,035,358	1,681,256
<i>Designated funds:</i>						
Board Houses Fund	9,249,394	-	(25,408)	(808,789)	2,041,547	10,456,744
Church House Fund	651,631	-	(43,200)	-	-	608,431
Confidence in the Gospel	977,623	51,265	(178,653)	-	(850,235)	-
Intern Programme	271,361	-	(25,077)	-	-	246,284
Kingdom Value Fund	50,000	-	-	-	-	50,000
Densham Loan Fund	1,500	-	-	-	-	1,500
	<u>11,879,916</u>	<u>6,502,819</u>	<u>(7,377,172)</u>	<u>(1,188,018)</u>	<u>3,226,670</u>	<u>13,044,215</u>
Restricted funds						
Pastoral Account	10,137,000	232,242	(42,008)	(50,154)	(1,322,293)	8,954,787
Diocesan Council for Mission & Unity	60,147	6,330	(72)	-	-	66,405
Education Trusts	989,984	99,577	(158,403)	(17,499)	-	913,659
Mission Fund	83,966	-	(33,813)	-	-	50,153
RME	-	106,645	(106,645)	-	-	-
Strategic Capacity Fund	-	440	(440)	-	-	-
Transition Fund	-	3,670	(3,670)	-	-	-
Marshalls Charity	-	10,000	(10,000)	-	-	-
CEMES Grant	6,667	4,667	(961)	-	-	10,373
Strategic Development Fund	229	126,764	(126,764)	-	-	229
Strategic Capacity Fund – Phase 2	-	15,435	(15,435)	-	-	-
Bishop Phillpotts Library	-	25,903	(3,633)	-	-	22,270
Bishop Phillpotts Prize Fund	6,382	-	-	(19)	-	6,363
	<u>11,284,375</u>	<u>631,673</u>	<u>(501,844)</u>	<u>(67,672)</u>	<u>(1,322,293)</u>	<u>10,024,239</u>
Expendable endowment						
Parsonage Houses Fund	39,191,813	40,842	-	519,487	(1,664,228)	38,087,914
Permanent endowment						
Stipends Fund Capital Account	29,848,778	-	60,000	(477,735)	(240,149)	29,190,894
Total endowments	<u>69,040,591</u>	<u>40,842</u>	<u>60,000</u>	<u>41,752</u>	<u>(1,904,377)</u>	<u>67,278,808</u>
Total	<u>92,204,882</u>	<u>7,175,334</u>	<u>(7,819,016)</u>	<u>(1,213,938)</u>	<u>-</u>	<u>90,347,262</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 recently used 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 Umzimvubu in South Africa ceased in 2013 but, the diocese continues to support the feeding of orphans' and vulnerable children's programme in Umzimvubu).

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.

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 Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds (continued)

The Strategic Capacity Fund – Phase 2 is grant funding received from the Church Commissioners to develop a second Strategic Development Funding application to the Church Commissioners to further the Transforming Mission project.

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 2018	-	-	-
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	2,564,420	-	2,564,420
Unapplied total return	-	22,863,464	22,863,464
Investment return: unrealised losses	-	(699,106)	(699,106)
Indexation on base value of investment	174,667	(174,667)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	8,503,078	21,989,691	30,492,769
	<hr/>	<hr/>	<hr/>
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)	-
	<hr/>	<hr/>	<hr/>
Net movements in the year	111,151	2,798,821	2,909,972
	<hr/>	<hr/>	<hr/>
At 31 December 2019			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	2,850,238	-	2,850,238
Unapplied total return	-	24,788,512	24,788,512
	<hr/>	<hr/>	<hr/>
	8,614,229	24,788,512	33,402,741
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2019:

	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)
Strategic Capacity Fund	-	-	-	-	-
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
	<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 endowments					
Total	<u>47,567,559</u>	<u>44,103,965</u>	<u>5,043,984</u>	<u>(538,330)</u>	<u>96,177,178</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 2018:

Company	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	36,961	6,281,318	(4,361,326)	(275,697)	1,681,256
<i>Designated funds:</i>					
Board Houses Fund	10,456,744	-	-	-	10,456,744
Church House Fund	-	-	608,431	-	608,431
Intern Programme	-	-	246,284	-	246,284
Kingdom Value Fund	-	-	50,000	-	50,000
Densham Loan Fund	-	-	1,500	-	1,500
	<u>10,493,705</u>	<u>6,281,318</u>	<u>(3,455,111)</u>	<u>(275,697)</u>	<u>13,044,215</u>
Restricted funds					
Pastoral Account	-	2,957,918	5,996,869	-	8,954,787
Diocesan Council for Mission & Unity	-	-	66,405	-	66,405
Education Trusts	-	863,556	50,103	-	913,659
Mission Fund	-	-	50,153	-	50,153
CEMES Grant	-	-	10,373	-	10,373
Strategic Development Fund - Falmouth	-	-	229	-	229
Bishop Phillpotts Library	-	-	22,270	-	22,270
Bishop Phillpotts' Prize Fund	-	670	5,693	-	6,363
	<u>-</u>	<u>3,822,144</u>	<u>6,202,095</u>	<u>-</u>	<u>10,024,239</u>
Expendable endowment					
Parsonage Houses Fund	38,087,914	-	-	-	38,087,914
Permanent endowment					
Stipends Fund Capital Account	-	29,703,550	789,219	(1,301,875)	29,190,894
	<u>38,087,914</u>	<u>29,703,550</u>	<u>789,219</u>	<u>(1,301,875)</u>	<u>67,278,808</u>
Total endowments					
Total	<u>48,581,619</u>	<u>39,807,012</u>	<u>3,536,203</u>	<u>(1,577,572)</u>	<u>90,347,262</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	651,274		7,168	19,759	678,201
Parsonage Houses Fund	24,581,231		1,153,681	(2,162,483)	23,572,429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	25,232,505	-	1,160,849	(2,142,724)	24,250,630
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Comparative analysis for 2018					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	1,425,974	90,294	(808,789)	(56,205)	651,274
Parsonage Houses Fund	25,065,312	(90,294)	519,487	(913,274)	24,581,231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	26,491,286	-	(289,302)	(969,479)	25,232,505
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

27. Capital commitments

	2019 £	2018 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	67,231	72,332
Repairs to properties	125,008	233,935
	<hr/>	<hr/>
	192,239	306,267
	<hr/>	<hr/>

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:

	2019 £	2018 £
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	183,667	203,267
Beyond 5 years of the Balance Sheet date	-	33,600
	<hr/>	<hr/>
	236,867	290,067
	<hr/> <hr/>	<hr/> <hr/>
Other operating leases		
Within one year of the balance sheet date	5,871	6,202
In the second to fifth years inclusive of the balance sheet date	8,442	14,148
	<hr/>	<hr/>
	14,313	20,350
	<hr/> <hr/>	<hr/> <hr/>

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 (2019: £553,403, 2018: £550,726), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total credit of £270,597 for 2019 (2018: charge of £490,726).

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 2017 and 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.

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

Notes to the financial statements

29. 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. The movement in the Balance Sheet liability over 2018 and over 2019 is set out in the table below:

	2019 £	2018 £
Balance sheet liability at 1 January	1,576,875	1,870,935
Deficit contribution paid	(235,196)	(234,060)
Interest cost (recognised in SoFA)	31,000	25,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(855,000)	(85,000)
	<hr/>	<hr/>
Balance Sheet liability at 31 December	517,679	1,576,875
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* 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 2019	December 2018	December 2017
Discount rate	1.1% p.a.	2.1% p.a.	1.4% p.a.
Price inflation	2.8% p.a.	3.1% p.a.	3.0% p.a.
Increase to total pensionable payroll	1.3% p.a.	1.6% p.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 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 (2019: £42,283, 2018: £49,894), 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 £49,283 for 2019 (2018: £49,894).

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.

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

Notes to the financial statements

29. Pensions (continued)

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.

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:

	2019 £	2018 £
Balance sheet liability at 1 January	313,697	32,985
Deficit contribution paid	(38,046)	(32,288)
Interest cost (recognised in SoFA)	7,000	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	11,000	313,000
	<hr/>	<hr/>
Balance Sheet liability at 31 December	293,651	313,697
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

29. 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 that employer's pension liabilities.

Balance Sheet reconciliation

	2019 £	2018 £
Clergy pension liability at 31 December	517,679	1,576,875
Lay pension liability at 31 December	293,651	313,697
	<hr/>	<hr/>
Total pension liability at 31 December	811,330	1,890,572
Creditors: amounts falling due within one year	273,000	313,000
Creditors: amounts falling due after more than one year	538,330	1,577,572
	<hr/> <hr/>	<hr/> <hr/>

30. Transactions with directors

The directors derive no financial benefit for their services as directors other than the re-imburement of their out-of-pocket expenses. In 2019, 7 directors were paid £12,926 (2018: 8 directors £5,703). 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.

	2019 £	2018 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	4,297,331	3,776,398
	<hr/>	<hr/>
	4,502,531	3,981,598
	<hr/> <hr/>	<hr/> <hr/>
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,111,469	2,132,174
	<hr/>	<hr/>
	2,117,669	2,138,374
	<hr/> <hr/>	<hr/> <hr/>

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 2019, the Company held £258,097 (2018: £248,280) in designated bank accounts separate from those of the Company.

32. Post Balance Sheet event

Since the year end the stock market volatility has had a negative impact on the DBF's investment portfolio. As at 31 March 2020 the value of the portfolio has fallen by £4.2m.

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 £	2018 £
Income and endowments from:				
Donations:				
Parish contributions	3,637,402	-	-	3,637,402
Archbishops' Council	894,158	-	-	894,158
Other	137,335	319,232	-	456,567
Charitable activities – statutory fees etc	311,862	-	-	311,862
Other activities	105,953	258,146	-	364,099
Investments	1,416,108	54,295	-	1,470,403
Other	1	-	40,842	40,843
Total	6,502,819	631,673	40,842	7,175,334
Expenditure on:				
Raising funds	300,658	1,694	25,000	327,352
Charitable activities	7,050,308	500,150	(85,000)	7,465,458
Other resources expended	26,206	-	-	26,206
Total	7,377,172	501,844	(60,000)	7,819,016
Net incoming resources before realised gains	(874,353)	129,829	100,842	(643,682)
Net gains on investment assets	(379,229)	(67,672)	(477,735)	(924,636)
Net incoming resources before transfers	(1,253,582)	62,157	(376,893)	(1,568,318)
Transfer between funds	3,226,670	(1,322,293)	(1,904,377)	-
Net income for the year	1,973,088	(1,260,136)	(2,281,270)	(1,568,318)
Unrealised gains on revaluation	(808,789)	-	519,487	(289,302)
Net movement in funds	1,164,299	(1,260,136)	(1,761,783)	(1,857,620)
Fund balances at 1 January 2018	11,879,916	11,284,375	69,040,591	92,204,882
Fund balances at 31 December 2018	13,044,215	10,024,239	67,278,808	90,347,262