

Company Registration No. 00049825  
Charity No. 248330

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

FINANCIAL STATEMENTS

31 December 2022

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

<b>Contents</b>	<b>Page</b>
Trustees Annual Report	1 - 15
Independent Auditors' Report	16 - 18
Statement of Financial Activities	19
Income and Expenditure Account	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Financial Statements	23 - 55

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

## Trustees' Annual Report

For the year ended 31 December 2022

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

*1 Peter 5.10*

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

We identify four key headlines in this report:

- firstly, the trustees remain committed to **supporting strategic change** through “On the Way” and “Next Steps On the Way”, based on plans made locally in each deanery;
- secondly, income **contributed by parishes to the Mission and Ministry Fund (MMF)** failed to return to pre-pandemic levels, or to match commitments in deanery plans, although the persistent fall in MMF income over time does seem to have levelled out;
- thirdly, the overall **value of assets for which trustees are responsible** continued to perform strongly, even in very challenging economic conditions; and
- finally, the trustees continued to pursue a policy of **increasing direct support for parish ministry**.

### *Ongoing commitment to, and resourcing of, strategic change*

Deanery plans describe the vision of local church leaders for the flourishing of the church in each place. All the deanery plans are now in place and have been approved by Episcopal College but progress to implementing those plans has been much slower than anticipated. The trustees remain committed to strategic change led through deanery planning and in 2022 continued to grow diocesan support for the implementation of those plans.

One key impact of the slower than expected implementation of plans has been delays to changes in patterns of ministry. At the end of 2022 we noted a larger than usual number of vacant clergy posts putting real pressure on local ministry in too many places. 2023 sees a record number of planned clergy appointments.

Part of the strategic change described in deanery plans has been to change the way that national “Lowest Income Communities Funding” (LICF) is used in the diocese. Using LICF for focussed support of mission and ministry in areas of deprivation remains a clear strategic aim.

### *MMF income*

The budget for MMF contributions from parishes in 2022 was largely based on expectations described in deanery plans. Although the long term decline in MMF income seems to have levelled out, there was no “bounce back” to levels that matched commitments in the plans.

Whilst overall MMF contributions did not match the budget or levels described in deanery plans, the local picture was patchy with some deaneries and parishes performing far better than others.

Overall it is likely that the weak MMF income in 2022 was in part a consequence of planning uncertainty and delays in implementing the hoped for new patterns of ministry, along with an ongoing weakening of the local church following the pandemic which tended to accelerate earlier patterns of decline.

### *Value of assets*

The Balance Sheet reveals that the overall value of the Board's assets remains strong and even in a difficult year has again increased. This increase, and the increase in value shown on the Balance Sheet over time, is largely a consequence of the continuing strength of domestic property values in Cornwall. Simply put, houses in Cornwall have increased in value significantly and the Board own or oversee 130 of them.

As well as strong property values, the Glebe estate has shown surprising resilience although the yield on the largely agricultural estate remains relatively low.

Compared to property and agricultural land values, the value of investments in 2022 was more significantly impacted by wider economic and political turmoil. The decision to disinvest from fossil fuel assets, a decision that the trustees continue to support, did mean that the Board did not benefit from the strong performance of the fossil fuel extraction sectors. However, our infrastructure investments, including renewable projects, helped with the overall performance of the portfolio.

### *Increased focus on support for parish ministry*

In 2022, reserves, along with some external funding, were used to enable a focus on supporting parish ministry, it included:

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

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

## Trustees' Annual Report

*For the year ended 31 December 2022*

This work continues in 2023.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2022.

The directors / trustees are one and the same and in signing as trustees they are also signing the directors' report sections in their capacity as directors.

This combined report satisfies the legal requirements for:

- a directors' report of a charitable company; and
- a trustees' annual report under the Charities Act 2011.

## Legal Objects

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

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

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

The Truro Diocesan Board of Finance has the following statutory responsibilities:

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

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

## Vision, Aims and Objectives

The overarching vision in this diocese remains that of Discovering God's Kingdom, Growing the Church.

The Saints' Way is a theology and strategy of diocesan mission and ministry and it describes priorities and commitments for the diocese:

- celebrating children and young people;
- embracing an innovative and pioneering culture;
- confident in our calling;
- strong international links;
- rejoicing in the generosity of God;
- serve the poor; and
- care for the earth.

A Diocesan plan is in the process of being prepared which describes the priorities for the diocese in implementing the vision for a fruitful and sustainable future described in the deanery plans and in The Saints' Way. It will detail the interventions for change and renewal designed to bring fruitfulness and sustainability and will include the following:

- ministry planning for the next 5-10 years;
- implementation support for deanery plans;
- Rural Deans' support;

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

## Trustees' Annual Report

For the year ended 31 December 2022

### Vision, Aims and Objectives (continued)

- School chaplaincy project;
- Church buildings; and
- Small churches strategy.

### Activities and achievements during the year

Key strategic decisions taken by trustees in 2022 were:

- to align the governance and leadership of Transforming Mission, On the Way deanery planning, the use of LICF and large mission funding under one portfolio using the disciplines of project management. The decision led to the establishment of the Board for Change and Renewal with the Director role and staffing to support it;
- approval of work towards achieving Carbon Net Zero in the environment strategy;
- to establish a new Mission and Pastoral Committee;
- to approve consultation on and then implementation of the 2023 budget which increased support for parishes by protecting the 2023 MMF call from large inflationary pressures for three years as well as committing to a review of the MMF formula, with the change applying from 2026;
- to allocate financial support to parishes, clergy, and lay staff in response to energy cost inflation; and
- approval of proposals to move the base for Church House staff to the Old Cathedral School in Truro.

On the Way planning has successfully embedded the priorities from The Saints' Way into deanery and parish planning through the framework of fruitfulness and sustainability. Next Steps On the Way is the process for implementing the diocesan and deanery plans, at local levels this work is being carried out by Deanery Implementation Teams. This is a huge challenge with the level and pace of change being felt across the whole diocese. The Board for Change and Renewal which is monitoring this work meets regularly to help ensure risks are minimised.

As part of the On the Way work the deaneries explored how the Lowest Income Communities (LICF) funding can be used differently within the diocese to ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. This change is now being embedded as part of the implementation process.

The charitable company continued to support significant investment in Transforming Mission (TM) across five local projects.

Delays in some deanery plans being developed led to continued delays in the management of the housing stock which resulted in the level of surplus housing continuing to be unsustainably high (and reduced rental income). Now that all the deanery plans are in place and being implemented the property management is 'back on track' which includes various surplus properties being disposed of. The management also includes high level plans and costings for each property to enable the Carbon Net Zero ambition to be achieved. More detailed work is now being carried out to ensure the works are realistic from both planning and budgeting perspectives.

During 2022 work continued on reducing the costs of the shared services at Church House by £250k, the commitment made as part of the work on moving towards a balanced operating budget. A formal staff redundancy process was carried out which resulted in two posts being made redundant. The savings from this along with the other work carried out led to the budget savings being achieved. This is undoubtedly affecting the ongoing level of support the diocese can provide to parishes and every effort is being made to minimise the impact of this.

The provision of PCC energy grants and energy mission funding was achieved in late 2022, and has continued into 2023, in response to the energy cost crisis. In 2022 nearly £450k was distributed to more than 180 parishes, £269k of this was funded by the Archbishops Council with the remainder coming from TDBF reserves.

There had been a previous ambition to achieve a balanced operating budget for 2023 but with such complex finances the definition of what constitutes an operating budget kept changing and it was decided to focus on strong financial management alongside the commitment to use more of the TDBF's reserves to support the wider diocese. An Assets Strategy has been produced in late 2022 and describes how the priorities in The Saints Way and the Diocesan Plan for Change and Renewal will be turned into action. This details the commitment to use a significant amount of reserves to support the churches and people of the diocese.

### Public benefit

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

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

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

## Trustees' Annual Report

For the year ended 31 December 2022

### Public benefit (continued)

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

### The Christian Presence

The charitable company endeavours to maintain a Christian presence in every community. Clergy form a central part in the life of churches in the Diocese of Truro and carry out important roles in communities.

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

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

	<u>2022</u>	<u>2021</u>
Stipendiary priests	54	60
Self-supporting priests	10	12
'House for Duty' priests	6	4
Stipendiary curates	16	18
Self-supporting curates	15	11
Readers	88	101
Priests with Permission to Officiate (incl retired and non-retired)	148	143
Local Worship Leaders	260	255
Local Pastoral Ministers	223	246

### Work with schools

The ambition for the Diocesan Board of Education (DBE) remains "becoming a significant partner for raising standards in schools in Cornwall and the Isles of Scilly" and the work of the education team with schools and multi academy trusts has continued to focus on this. The DBE does this work by promoting the Church of England's "Vision for Education". The ambition and the vision are for all schools in Cornwall, including, but not confined to, the 43 Church of England schools. We oversaw the closure of one Church of England school in the diocese, but work continues to re-open this site for education provision in a new and exciting way for the most vulnerable children and young people of our diocese.

Work focusses on the areas of leadership and governance and is broad, including the development of important relationships in system leadership in support of our schools. Funding has been made available for the professional development of teachers and school leaders through a range of support including post graduate Masters level study with Marjon University Cornwall and professional qualifications via the Church of England Foundation for Educational Leadership. Support has been given to teacher development in the delivery of high quality religious education and for the delivery of Understanding Christianity training for teachers from all schools across the diocese.

This year has seen secondments to the team leading on school facing work and network development. This has included support for head teachers and Early Career Teachers across the diocese and in providing extensive governance support and guidance. The Diocesan Director of Education (DDE) gives ongoing support and guidance to heads and trusts, as well as linking to resources from the national DDE network and lobbying as the voice of schools locally, regionally and nationally.

### Volunteers

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

### Plans for the future

At the heart of our planning is an enduring commitment to the parishes and churches of the diocese. We continue to support stipendiary ordained ministry as well as discerning and growing other patterns of service and mission.

The Diocesan Plan for Change and Renewal and the Assets Strategy will be the key strategic documents to ensure the assets of the TDBF are used as effectively as possible for the fruitfulness and sustainability of the wider diocese.

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

## Trustees' Annual Report

For the year ended 31 December 2022

### Financial Review

#### *Financial performance*

The SOFA for the year shows total income of £7,261k (2021: £6,856k) and total expenditure of £8,184k (2021: £7,527k), resulting in net expenditure of £923k (2021: £671k).

The increase in income of £405k is predominantly due to £312k more funding received from Archbishops' Council along with £71k higher investment income and £27k more MMF. Realised gains on disposal of assets of £80k was £79k higher than in 2021 but this was offset by lower income from other activities of £73k which is mainly due to reduced rent from Parsonage houses of £61k.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2022 this income increased by £27k to £3,074k (2021: £3,047k). The MMF collection rate marginally improved to 67.57%, from 66.69% in the previous year. This still represents the lowest contribution rate of all the dioceses in the Church of England.

Income from the Archbishops' Council represents the second largest source of income at £1,945k, nearly two thirds of the amount received from parishes in the form of MMF. The breakdown of the different funding streams received can be seen in note 3. In 2022 £269k was received to pass on to the parishes to assist with the energy cost challenges being faced.

Expenditure increased by £657k. This is mainly due to resourcing ministry costing £222k more in 2022 when compared to 2021, with support for ministry and mission costing £358k more and expenditure on education costing £87k more.

Within the resourcing ministry heading is the budget for property maintenance which was increased, and spent, in 2022, by £337k. This increase in spend was offset by a reduction in clergy pension contributions of £88k as the pension scheme became fully funded and contributions were reduced as no deficit element needs to be paid anymore. See note 28 for more information.

The increase in support for ministry and mission spend is due to an increase in grants of nearly £500k, which were paid to parishes and clergy mainly to assist with the increased energy costs. These grants were funded from the £269k received from the Archbishops' Council, previously referred to, with the remainder funded from TDBF reserves. This increase in spend was offset by a reduction in the provisions for loans of £130k.

The property market in Cornwall was strong again during 2022 which resulted in an 11.0% increase in the value of the property portfolio during the year. This equated to an unrealised gain of £4.5m.

This was offset in part by a decrease in the value of investments held with an unrealised loss of £2.1m, being made up of a £1.7m unrealised gain on glebe and a £3.8m unrealised loss on listed and unlisted investments.

This net gain resulted in the total fund balances again increasing from £113,748k to £115,536k.

#### *Significant property transactions*

In 2022 TDBF sold one property, which was surplus to requirements, for net proceeds of £462k and purchased one property for £543k.

The TDBF policy continues to be:

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

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

#### *Balance Sheet position*

The net assets at the balance sheet date totalled £115,536k (2021: £113,748k). This includes properties totalling £62,882k (2021: £58,207k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the TDBF.

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

#### *Reserves Policy*

##### *Free reserves*

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

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

## Trustees' Annual Report

For the year ended 31 December 2022

### Reserves Policy (continued)

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,100k	1,100k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	13,280	-	13,280k
Diocesan Pastoral Account - Benefice Accounts	-	-	3,300k	3,300k
<b>Total</b>	<b>1,700k</b>	<b>13,280k</b>	<b>4,600k</b>	<b>19,580k</b>

As at 31 December 2022 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2021: £1,700k), as per the table above. Actual free reserves as at 31 December 2022 amounted to £1,544k (2021: £1,924k) which is slightly below the target amount. This is being monitored and is expected to increase above the target level as surplus Board properties are sold in 2023.

### Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 24. At 31 December 2022 total designated reserves were £15,006k (2021: £13,986k).

### Restricted and endowment funds

As set out in note 24 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022 restricted funds totalled £10,883k (2021: £13,571k) and endowment funds totalled £88,102 (2021: £84,268). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £3,311k (2021: £4,033k).

### Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the TDBF's income comes from other charitable entities. The TDBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2022.

### Investment policies

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

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

The Committee continues to believe that it is prudent to rely on external fund managers (particularly CCLA) in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use



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

## Trustees' Annual Report

For the year ended 31 December 2022

### **Investment policies (continued)**

of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Investment Management Committee is permitted to consider all authorised managers and types of fund, subject to appropriate due diligence.

There were no changes to the portfolio during the year. Inevitably the investments were affected by the difficulties that confronted all global markets. There were no obvious shelters available other than to re-engage with the fossil fuel sector and that was considered not to be an option as it would go against the investment policy.

At present it is estimated that just over 10% of the portfolio is invested in renewable funds or projects. During the year a process started to try and calculate the carbon footprint of the TDBF portfolio. It has proved quite challenging to obtain data and work continues so that progress to Net Zero 2030 can be monitored.

CCLA, one of the external fund managers, offers the Supporting Church Investors scheme which the Committee took advantage of in 2022. This involved CCLA reviewing the investments assets held by the TDBF, along with the other assets held, to report on whether they considered the TDBF to be well diversified and therefore enabling the best return on the assets. No changes to the portfolio were recommended. CCLA did however recommend that an alternative benchmark, ARC Steady Growth Index, is used as it is considered to be more suitable to the TDBF portfolio. This will be adopted for 2023. The report also included a reminder that CCLA are supportive of the Church's ambition to achieve net zero operational emissions by 2023, but they do not believe it is currently achievable or desirable for investment portfolios. They encourage the TDBF to join the National Investment Bodies in their ambition to hit Net Zero portfolio emissions no later than 2050.

Investments are held in two of the CBF Church of England Funds, representing 62.7% of the total value of the charitable company's investments of £29,238k (excluding Glebe) at 31 December 2022. The remaining 37.3% are held in listed investments (see note 19).

The Investment Management Committee has adopted an Industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The benchmark fell by 10.19% in capital terms in 2022 and the TDBF's combined portfolio (excluding glebe investments) fell by 11.6% in the same period. The yield on the portfolio was 3.2%.

The Committee continue to believe that the 'responsible', ESG aligned approach being adopted remains appropriate. The managers continue to focus on companies and sectors where there are good prospects for the medium to long term, whilst ensuring a dependable income flow in the short term. The Committee believe the portfolio is well positioned to benefit when the current trends are reversed and a less febrile environment returns.

The Bishop's Diocesan Council consider these investment returns to be satisfactory and is comfortable with the asset allocation of the portfolio.

### **Total Returns**

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

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

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the TDBF to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The TDBF decided to make a transfer from unapplied total return to unrestricted income funds in both 2021 and 2022. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

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

### **Grant making policy**

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2022 is indicated in note 12.

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

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry.

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

## Trustees' Annual Report

For the year ended 31 December 2022

### Grant making policy (continued)

Grants are paid to other charitable projects which appear to the TDBF to support the furtherance of the charitable company's objects.

## Principal risks and uncertainties

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

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

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

- Finance: MMF income insufficient to meet financial commitments.
  - monthly monitoring by Finance department ;
  - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry;
  - the Next Steps On the Way process works with deaneries to enable fruitfulness and sustainability for parishes;
  - annual budgeting;
  - effective use of reserves, for example funds released by the Total Returns mechanism;
  - prudent reserves policy, which is reviewed annually;
  - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme;
  - liaising closely with Church Commissioners and other national bodies about national strategy; and
  - The Saints Way to lead the vision for the diocese.
- Ministry: transitions not completed effectively and efficiently.
  - well trained Transitions Advisers allocated to work with Archdeacons, Rural Deans and local leaders to support development of future vision and plans for benefice;
  - support provided to parishes with drafting Profile, and with recruitment process; and
  - follow up with new clergy and parish team following appointment to gain feedback to improve service.
- Property: funding constraints. MMF and rental income falls placing considerable constraint on property budget which impacts on property services.
  - budget and expenditure monitoring by Finance Department with monthly review at Property Management Committee; and
  - formal decision making process and financial regulations providing a control over spending.
- Safeguarding: failure to safeguard, care and nurture children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
  - implementation of national and local policies and practice guidance;
  - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;
  - Diocesan Safeguarding Team in place to provide support, guidance and training;
  - interim control measures required during Covid-19, increased guidance and advice to PCC's; and
  - training available to PCC's that aligns with national guidance, delivered by a network of volunteer trainers and the Diocesan Safeguarding trainer and with a formal reporting structure.
- Safeguarding: non-compliant management of data including paper and electronic files, storage and sharing.
  - Paper files locked in secure filing cabinet;
  - Computers encrypted;
  - Electronic case files held in secure separate drive on server;
  - Data sharing protocols in place;
  - Staff trained in data protection practice and up to date with regulations; and
  - Separate office for safeguarding staff.
- TM people: staff resignations.
  - Monthly meetings between TM Project Manager and Director and TM leads.
- Next Steps On the Way: insufficient central resource to cope with the significant changes within deaneries.
  - Monitored by Programme Board for Change and Renewal; and
  - Director of Change and Renewal and supporting team now in place to help with the changes.

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

## Trustees' Annual Report

For the year ended 31 December 2022

## Structure and Governance

### Summary Information about the Structure of the Church of England

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

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

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

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

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

### **The National Church Institutions**

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

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

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

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

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

### **The Diocese of Truro**

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

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

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

### **Archdeaconries, Deaneries, Benefices and Parishes**

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

The ecclesiastical parish is governed by a Parochial Church Council or PCC, which is made up of the incumbent as chair, the churchwardens and a number of elected and ex officio members. Each PCC is a charity, and all are currently 'excepted' from

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

## Trustees' Annual Report

For the year ended 31 December 2022

### **Archdeacons, Deaneries, Benefices and Parishes (continued)**

registration with the Charity Commission, apart from those PCCs with annual gross incomes exceeding £100,000 which are required to register under the provisions of the Charities Act 2011. Except where shown, the transactions of PCCs do not form part of these financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

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

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

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

### **Deanery Synods**

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

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

### **Diocesan Governance**

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

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

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

### **Bishop's Diocesan Council**

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

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

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

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

## Trustees' Annual Report

For the year ended 31 December 2022

### ***Bishop's Diocesan Council (continued)***

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

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

The members of the Bishop's Diocesan Council and the basis of their membership is shown in the Administrative section on pages 13 and 14. Some senior officers have job titles incorporating the title 'Director', some of whom attend the Bishop's Diocesan Council, but they are not directors of the charitable company for the purposes of company law.

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

### ***The Bishop's Diocesan Council's responsibilities***

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

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

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

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

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

### ***Statement of disclosure to auditor***

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

### ***The Finance, Assets and Risk Committee***

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

### ***Trustee recruitment, selection, induction and training***

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

All trustees receive an induction pack and the first meeting of each triennium is largely given over to induction briefings and discussions. Training opportunities are offered, around safeguarding and risk management. Further development resources are

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

## Trustees' Annual Report

For the year ended 31 December 2022

### **Trustee recruitment, selection, induction and training (continued)**

made available through the life of the triennium. There is also a focus on the process of safer recruitment ensuring that the organisation exercises safer recruitment at all levels across the board.

### **Delegation of day to day delivery**

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

### **Remuneration of key management personnel**

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

### **Funds held as Custodian Trustee**

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £4.9m at 31 December 2022 (2021: £5.5m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 30. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

### **Funds held on behalf of schools**

The Board of Education is a statutory committee within the Truro Diocesan Board of Finance. Under the Diocesan Board of Education Measure 2020, it is required:

- to promote or assist in the promotion of education in the diocese, being education which is consistent with the faith and practice of the Church of England.
  - The Board therefore has a vision of education that derives from the Christian faith;
  - Its responsibilities extend to the whole of the diocese, and not just within church schools;
  - Indeed, its responsibilities apply to more than just schools and includes adult education;
- to promote or assist in the promotion of religious education and religious worship in schools in the diocese;
  - Again, this applies to the whole of the diocese, and not just to church schools;
- to promote or assist in the promotion of church schools in the diocese and in particular to advise the governors of such schools and trustees of church educational endowments on any matter affecting church schools in the diocese;
- to promote cooperation between the Board of Education and those concerned on any matter affecting church schools in the diocese.

The charitable company administers Devolved Formula Capital (DFC) grants for the diocese's church schools. At 31 December 2022, it held £248,918 (2021: £194,412) in designated bank accounts separate from those of the charitable company.

## **Related parties**

### **General Synod, Church Commissioners and Archbishops' Council**

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

### **Parochial Church Councils (PCCs)**

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

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

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

## Trustees' Annual Report

For the year ended 31 December 2022

### **The Cathedral**

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

### **Connected charities**

The trustees consider the following to be a connected charity:

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

### **Pensions**

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

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

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

### **Appointment of solicitors**

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

### **Appointment of auditors**

A resolution to reappoint Haysmacintyre LLP as auditors to the charitable company will be proposed at the Annual General Meeting.

### **Administrative Information**

#### **Members of the Bishop's Diocesan Council**

The Members of the Bishop's Diocesan Council (who are the trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law)) who served during the year and who were members at the date of this report were as follows:

<b>Chairman (ex officio)</b>	The Rt. Revd. P I Mounstephen
<b>Chairman of the Truro Diocesan Board of Finance (elected by the Members)</b>	Mr M J Sturgess
<b>Ex officio</b>	The Rt. Revd. H Nelson The Very Revd. R C Bush (The Dean) (resigned 23 September 2022) The Revd. S Robinson (The Interim Dean) (appointed 8 December 2022) The Ven. P D Bryer (Archdeacon of Cornwall) The Ven. K A Betteridge (Archdeacon of Bodmin)

#### **Elected by the relevant Houses of Diocesan Synod**

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

#### **Elected by Houses and Archdeaconry**

Archdeaconry of Cornwall	The Revd. B R Morgan Lundie (resigned 11 April 2022) Mr A P Hicks
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# The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

## Trustees' Annual Report

For the year ended 31 December 2022

Archdeaconry of Bodmin

The Revd. P R Holley  
The Revd. R J Terry  
The Revd. J W Foot (appointed 8 December 2022)

Mr R B Smith (appointed 8 December 2022)

## Bishop's Appointments

Mrs C E Irwin  
Dr A G Thompson  
The Revd. T Folland  
The Revd. S Morgan  
Mrs A Corbett

Company Secretary

The Revd. Canon S Cade

Registered Office

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

Telephone

01872-274351

Email address

[info@truro.anglican.org](mailto:info@truro.anglican.org)

Website

[www.trurodiocese.org.uk](http://www.trurodiocese.org.uk)

Company registration number

00049825 (England and Wales)

Charity registration number

248330

Diocesan registrar

Mr J Moule, Narrow Quay House, Narrow Quay, Bristol

Solicitors

Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol

Auditors

Haysmacintyre LLP, 10 Queen Street Place, London

Bankers

National Westminster Bank PLC, St Nicholas Street, Truro

Insurers

Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester

NFU Mutual, Tiddington Road, Stratford upon Avon, Warwickshire

Investment managers

CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London

Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London

Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London

Cazenove Capital, 1 London Wall Place, London

Glebe estate manager

Savills, Lemon Street, Truro

Property manager

Savills, Lemon Street, Truro



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

## **Trustees' Annual Report**

*For the year ended 31 December 2022*

### **Approval of this combined report**

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

This report was approved by the Bishop's Diocesan Council on 26 April 2023 and was signed on its behalf by:

**The Revd. Canon S Cade**  
Company Secretary

**Mr M J Sturgess**  
Chairman

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

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

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

### Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

### Opinion on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

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

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

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

### Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 11), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

### Use of our report

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

Adam Halsey (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditor  
26 April 2023

10 Queen Street Place  
London  
EC4R 1AG

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

## Statement of Financial Activities

For the year ended 31 December 2022

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2022 £	2021 £
<b>Income and endowments from:</b>	3					
Donations:						
Parish contributions		3,073,895	-	-	3,073,895	3,047,015
Archbishops' Council		922,686	1,023,098	-	1,945,784	1,633,783
Other		136,903	51,581	-	188,484	192,415
Charitable activities – statutory fees		259,772	-	-	259,772	266,471
Other activities	4	-	203,905	-	203,905	276,726
Investments	5	473,922	69,162	966,260	1,509,344	1,437,549
Other	6	36,379	-	43,392	79,771	1,437
<b>Total</b>		<b>4,903,557</b>	<b>1,347,746</b>	<b>1,009,652</b>	<b>7,260,955</b>	<b>6,855,396</b>
<b>Expenditure on:</b>						
Raising funds	7	137,039	-	165,582	302,621	299,188
Charitable activities	8	6,579,355	1,363,758	(61,245)	7,881,868	7,227,536
Other resources expended	9	-	-	-	-	-
<b>Total</b>		<b>6,716,394</b>	<b>1,363,758</b>	<b>104,337</b>	<b>8,184,489</b>	<b>7,526,724</b>
<b>Net incoming / (outgoing) resources before realised gains / (losses)</b>		<b>(1,812,837)</b>	<b>(16,012)</b>	<b>905,315</b>	<b>(923,534)</b>	<b>(671,328)</b>
Net (losses) / gains on investment assets		(91,724)	(1,489,348)	(172,004)	(1,753,076)	5,840,699
<b>Net incoming / (outgoing) resources before transfers</b>		<b>(1,904,561)</b>	<b>(1,505,360)</b>	<b>733,311</b>	<b>(2,676,610)</b>	<b>5,169,371</b>
Transfer between funds	13	1,932,539	(1,182,408)	(750,131)	-	-
<b>Net income for the year</b>		<b>27,978</b>	<b>(2,687,768)</b>	<b>(16,820)</b>	<b>(2,676,610)</b>	<b>5,169,371</b>
Unrealised gains on revaluation	14	1,180,654	-	3,283,511	4,464,165	7,304,980
<b>Net movement in funds</b>	15	<b>1,208,632</b>	<b>(2,687,768)</b>	<b>3,266,691</b>	<b>1,787,555</b>	<b>12,474,351</b>
Fund balances at 1 January 2022		15,910,033	13,570,708	84,267,541	113,748,282	101,273,931
<b>Fund balances at 31 December 2022</b>		<b>17,118,665</b>	<b>10,882,940</b>	<b>87,534,232</b>	<b>115,535,837</b>	<b>113,748,282</b>

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

*Income and Expenditure Account,*

*For the year ended 31 December 2022*

	2021 £	2021 £
<b>Total incoming resources</b>	<b>6,251,303</b>	5,988,724
<b>Resources expended</b>	<b>(8,080,152)</b>	(7,358,576)
	_____	_____
<b>Operating deficit for the year</b>	<b>(1,828,849)</b>	(1,369,852)
Net (losses) / gains on investments	<b>(1,581,072)</b>	1,704,372
	_____	_____
<b>Net (expenditure) / income for the year</b>	<b>(3,409,921)</b>	334,520
<b>Other comprehensive income</b>		
Revaluation of fixed assets	<b>1,180,654</b>	1,673,000
Net assets transferred to / (from) endowments	<b>750,131</b>	(81,123)
	_____	_____
<b>Total comprehensive (expenditure) / income</b>	<b>(1,479,136)</b>	1,926,397
	=====	=====

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

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

## *Balance Sheet* at 31 December 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	18	62,892,983	58,227,221
Investments	19	48,183,050	50,519,639
		<hr/>	<hr/>
		<b>111,076,033</b>	<b>108,746,860</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	20	1,025,922	857,131
Cash at bank and in hand	21	4,348,303	5,373,572
		<hr/>	<hr/>
		<b>5,374,225</b>	<b>6,230,703</b>
		<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>			
Other creditors	22	914,421	1,122,157
		<hr/>	<hr/>
<b>Net current assets</b>		<b>4,459,804</b>	<b>5,108,546</b>
		<hr/>	<hr/>
Total assets less current liabilities		<b>115,535,837</b>	<b>113,855,406</b>
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>			
Pension scheme liabilities	28	-	107,124
		<hr/>	<hr/>
<b>Net assets</b>		<b>115,535,837</b>	<b>113,748,282</b>
		<hr/>	<hr/>
<b>Funds employed</b>			
<b>Unrestricted funds</b>		<b>17,118,665</b>	<b>15,910,033</b>
<b>Restricted funds</b>		<b>10,882,940</b>	<b>13,570,708</b>
<b>Expendable endowment</b>			
Parsonage Houses Fund		48,674,473	45,297,023
<b>Permanent endowments</b>			
Stipends Fund Capital Account		38,859,759	38,970,518
		<hr/>	<hr/>
Total endowments		<b>87,534,232</b>	<b>84,267,541</b>
		<hr/>	<hr/>
<b>Total funds employed</b>	24.4	<b>115,535,837</b>	<b>113,748,282</b>
		<hr/>	<hr/>
The <b>revaluation reserve</b> included in the above funds is:	25	<b>39,907,977</b>	<b>35,527,742</b>
		<hr/>	<hr/>

The cash flow statement on page 22 and the notes on pages 23 to 55 form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 26 April 2023 and signed on its behalf by:

**M Sturgess**  
Chairman

Company Registration No. 00049825

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

## Cash Flow Statement

For the year ended 31 December 2022

	2022	2021
	£	£
<b>Net cash outflow from operating activities</b>	<b>(2,472,739)</b>	<b>(1,814,554)</b>
<b>Cash flows from investing activities</b>		
Dividends, interest and rent from investments	995,352	899,730
Proceeds from the sale of:		
Tangible fixed assets	505,272	1,437
Fixed asset investments	600,565	12,534,770
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(636,667)	(104,660)
Fixed asset investments	(17,052)	(11,849,493)
	<hr/>	<hr/>
<b>Net cash provided by investing activities</b>	<b>1,447,470</b>	<b>1,481,784</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(1,025,269)</b>	<b>(332,770)</b>
Cash and cash equivalents at 1 January 2022	5,373,572	5,706,342
	<hr/>	<hr/>
Cash and cash equivalents at 31 December 2022	<b>4,348,303</b>	<b>5,373,572</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net movements in funds to net cash flow from operating activities</b>		
Net movement in funds for the year ended 31 December 2022	1,787,554	12,474,352
<b>Adjustments for:</b>		
Depreciation charges	9,570	9,743
Dividends, interest and rent from investments	(995,353)	(899,730)
Interest paid	-	-
Profit on sale of functional assets	(79,771)	(1,437)
Gains on investments and revaluation of fixed assets	(2,711,089)	(13,145,679)
Increase in loans to parishes	19,500	(50,343)
Decrease/(increase) in debtors	(188,291)	22,738
Increase in creditors	(27,735)	46,317
Defined benefit pension costs less contributions payable	(289,124)	(271,515)
Defined benefit pension finance costs	2,000	1,000
	<hr/>	<hr/>
Net cash (used in) operating activities	<b>(2,472,739)</b>	<b>(1,814,554)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand	<b>4,348,303</b>	<b>5,373,572</b>
	<hr/> <hr/>	<hr/> <hr/>



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

## Notes to the financial statements

### 1. Constitution

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

### 2. Principal accounting policies

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

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

#### Basis of preparation

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

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

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

#### Going Concern

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

The principal accounting policies and estimation techniques are as follows:

#### (a) Income

All income is included in the Statement of Financial Activities (SoFA) when the charitable company is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

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

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

**Interest and dividends** are recognised as income when receivable.

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

**Parochial fees** are recognised as income when receivable.

**Donations other than grants** are recognised when receivable.

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

#### (b) Expenditure

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

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

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

## Notes to the financial statements

### (b) Expenditure (continued)

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

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

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

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

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

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

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

### (c) Tangible fixed assets and depreciation

#### Freehold properties

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

#### Investment properties

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

#### Parsonage houses

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

#### School properties

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

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

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

## Notes to the financial statements

### (c) Tangible fixed assets and depreciation (continued)

#### Closed churches

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

**Other tangible fixed assets** are capitalised at cost and depreciated at rates of between 20% and 33<sup>1</sup>/<sub>3</sub>% on a straight line basis.

**Leasehold improvements** are depreciated over the term of the lease.

### (d) Fixed asset investments

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

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

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

### Cash and cash equivalents

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

### Financial instruments

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

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

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

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

### Concessionary loans

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

### (e) Other accounting policies

#### Leasing

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

### (f) Fund balances

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

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

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

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

## *Notes to the financial statements*

### **(f) Fund balances (continued)**

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

Details of the major funds are given in note 24.

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

### **(g) Critical accounting estimates and judgements**

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

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

The key estimates and assumptions made in these accounts are:

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

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

## Notes to the financial statements

### 3. Donations

#### Parish contributions

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

Current year MMF receipts represent 66.48% of the total call (2021: 65.76%) or, when receipts for previous years are included, 67.57% of the total call (2021: 66.69%).

#### Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Selective allocations	880,221	-	-	880,221
Contribution to registrar's retainer	42,465	-	-	42,465
Strategic Development Funding (SDF) – Falmouth	-	152,001	-	152,001
Strategic Development Funding (SDF) – Phase 2	-	225,499	-	225,499
RME	-	87,703	-	87,703
Generous Giving Funding	-	46,933	-	46,933
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	14,870	-	14,870
Strategic Ministry Funding (SMF)	-	117,494	-	117,494
Lambeth Palace Conference	-	-	-	-
Strategic Capacity Funding (SCF) – On the Way	-	32,340	-	32,340
Transition Funding	-	33,108	-	33,108
Energy cost grants	-	269,000	-	269,000
Clergy hardship grants	-	34,150	-	34,150
Archbishops mission grant	-	10,000	-	10,000
	<u>922,686</u>	<u>1,023,098</u>	<u>-</u>	<u>1,945,784</u>

#### Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Benefact Trust (previously AllChurches Trust)	104,000	-	-	104,000
Coronavirus Job Retention Grant	-	-	-	-
Contribution towards church schools:				
Department for Education	-	47,872	-	47,872
Donations from individuals	22,233	3,709	-	25,942
Other contributions	10,670	-	-	10,670
	<u>136,903</u>	<u>51,581</u>	<u>-</u>	<u>188,484</u>

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

## Notes to the financial statements

### 3. Donations (continued)

#### Comparative analysis for 2021

##### Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Current year call	4,569,276	-	-	4,569,276
Shortfall in contributions	(1,564,367)	-	-	(1,564,367)
	<u>3,004,909</u>	<u>-</u>	<u>-</u>	<u>3,004,909</u>
Receipts for previous year	42,106	-	-	42,106
	<u>3,047,015</u>	<u>-</u>	<u>-</u>	<u>3,047,015</u>

##### Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Selective allocations	861,464	-	-	861,464
Contribution to registrar's retainer	44,704	-	-	44,704
Strategic Development Funding (SDF) – Falmouth	-	177,989	-	177,989
Strategic Development Funding (SDF) – Phase 2	-	257,201	-	257,201
RME	-	103,442	-	103,442
Generous Giving Funding	-	44,096	-	44,096
Strategic Capacity Funding (SCF) – Director of Change and Renewal	-	-	-	-
Strategic Ministry Funding (SMF)	-	102,593	-	102,593
Lambeth Palace Conference	-	(900)	-	(900)
Strategic Capacity Funding (SCF) – On the Way	-	43,194	-	43,194
Transition Funding	-	-	-	-
Energy cost grants	-	-	-	-
Clergy hardship grants	-	-	-	-
Archbishops mission grant	-	-	-	-
	<u>906,168</u>	<u>727,615</u>	<u>-</u>	<u>1,633,783</u>

##### Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
AllChurches Trust (now Benefact Trust)	102,250	-	-	102,250
Coronavirus Job Retention Grant	-	23,091	-	23,091
Contribution towards church schools: Department for Education	-	47,205	-	47,205
Donations from individuals	4,570	4,504	-	9,074
Other contributions	10,795	-	-	10,795
	<u>117,615</u>	<u>74,800</u>	<u>-</u>	<u>192,415</u>

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

## Notes to the financial statements

### 4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2022 £
Rents from Parsonage houses	-	193,905	-	<b>193,905</b>
Recoverable costs	-	10,000	-	<b>10,000</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	-	203,905	-	<b>203,905</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Rents from Parsonage houses	-	255,237	-	<b>255,237</b>
Recoverable costs	-	21,489	-	<b>21,489</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	-	276,726	-	<b>276,726</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 5. Investment income

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

### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Dividends and interest	395,819	22,368	481,543	<b>899,730</b>
Rents:				
Board properties	116,255	-	-	<b>116,255</b>
Glebe estate	-	-	385,118	<b>385,118</b>
Redundant schools	-	36,446	-	<b>36,446</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	512,074	58,814	866,661	<b>1,437,549</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the financial statements

### 6. Other incoming resources

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

#### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised gains on disposal of assets for the charity's own use	1,426	-	11	1,437
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 7. Fund raising costs

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

#### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Glebe: Outgoings	-	-	116,377	116,377
Management charges	-	-	51,771	51,771
Pension scheme interest	1,000	-	-	1,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	129,347	-	-	129,347
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	131,040	-	168,148	299,188
	<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 £	2022 £
<b>Contributions to Archbishops' Council</b>				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	96,483	-	-	96,483
Grants and provisions	13,293	-	-	13,293
Mission Agency pension contributions	6,579	-	-	6,579
Retired clergy housing costs (CHARM)	59,422	-	-	59,422
	<hr/>	<hr/>	<hr/>	<hr/>
	333,306	-	-	333,306
<b>Resourcing Ministry</b>				
Parish ministry:				
Stipends and national insurance	2,061,851	117,494	(61,245)	2,118,100
Pension contributions	606,025	-	-	606,025
Clergy salary	8,994	-	-	8,994
Clergy settlements	33,806	-	-	33,806
Home/parish mileage	8,950	-	-	8,950
Sundry clergy related costs	24,469	-	-	24,469
Housing costs	1,320,516	-	-	1,320,516
Property management charges	145,462	-	-	145,462
Resettlement and associated costs	85,443	-	-	85,443
Other payments (including training)	233,778	-	-	233,778
Central support costs	181,438	-	-	181,438
	<hr/>	<hr/>	<hr/>	<hr/>
	4,710,732	117,494	(61,245)	4,766,981
<b>Support for ministry and mission</b>				
Mission Fund grants	218,086	330,123	-	548,209
Diocesan support for ordinands in training	118,487	92,315	-	210,802
Training and development	37,178	-	-	37,178
DMPC functions	145,383	-	-	145,383
Specialist ministries	30,360	21,867	-	52,227
Safeguarding	144,241	-	-	144,241
Social Responsibility	21,309	-	-	21,309
Diocesan Advisory Committee	34,403	-	-	34,403
Chancellor's and Registrar's retainers	50,403	-	-	50,403
Faculty fees	11,542	-	-	11,542
Communications	52,473	-	-	52,473
Closed church expenditure	-	37,563	-	37,563
General Synod members' expenses	5,877	-	-	5,877
Central support costs	409,463	-	-	409,463
Lay staff cost of living payments	36,854	-	-	36,854
Movement in lay pension scheme deficit	(107,502)	-	-	(107,502)
Generous Giving Advisors	-	46,933	-	46,933
On the Way	-	80,318	-	80,318
Bad debt provision	20,000	-	-	20,000
Transforming Mission (TM) – Falmouth	81,896	152,391	-	234,287
Transforming Mission (TM) – Phase 2	150,528	225,792	-	376,320
	<hr/>	<hr/>	<hr/>	<hr/>
	1,460,981	987,302	-	2,448,283
<b>Expenditure on Education</b>				
Support for church schools and parishes	74,336	258,962	-	333,298
	<hr/>	<hr/>	<hr/>	<hr/>
	6,579,355	1,363,758	(61,245)	7,881,868
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the financial statements

### 8. Charitable activities (continued)

#### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
<b>Contributions to Archbishops' Council</b>				
Training for Ministry	157,583	-	-	157,583
National Church responsibilities	110,078	-	-	110,078
Grants and provisions	13,460	-	-	13,460
Mission Agency pension contributions	7,055	-	-	7,055
Retired clergy housing costs (CHARM)	57,973	-	-	57,973
	<hr/>	<hr/>	<hr/>	<hr/>
	346,149	-	-	346,149
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Resourcing Ministry</b>				
Parish ministry:				
Stipends and national insurance	2,149,318	102,593	-	2,251,911
Pension contributions	633,205	-	-	633,205
Clergy salary	-	-	-	-
Clergy settlements	18,627	-	-	18,627
Home/parish mileage	8,110	-	-	8,110
Sundry clergy related costs	17,412	-	-	17,412
Housing costs	983,800	-	-	983,800
Property management charges	140,688	-	-	140,688
Resettlement and associated costs	78,100	-	-	78,100
Other payments (including training)	239,238	-	-	239,238
Central support costs	174,363	-	-	174,363
	<hr/>	<hr/>	<hr/>	<hr/>
	4,442,861	102,593	-	4,545,454
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Support for ministry and mission</b>				
Mission Fund grants	56,544	-	-	56,544
Diocesan support for ordinands in training	74,216	89,972	-	164,188
Training and development	107,838	523	-	108,361
DMPC functions	145,401	-	-	145,401
Specialist ministries	28,396	20,197	-	48,593
Safeguarding	120,985	-	-	120,985
Social Responsibility	23,236	-	-	23,236
Diocesan Advisory Committee	32,331	-	-	32,331
Chancellor's and Registrar's retainers	39,698	-	-	39,698
Faculty fees	11,570	-	-	11,570
Communications	56,929	-	-	56,929
Closed church expenditure	-	27,915	-	27,915
General Synod members' expenses	3,692	-	-	3,692
Central support costs	393,743	-	-	393,743
Lay staff cost of living payments	-	-	-	-
Movement in lay pension scheme deficit	(89,000)	-	-	(89,000)
Generous Giving Advisors	-	44,096	-	44,096
On the Way	-	43,194	-	43,194
Bad debt provision	150,000	-	-	150,000
Transforming Mission (TM) – Falmouth	81,848	190,417	-	272,265
Transforming Mission (TM) – Phase 2	172,069	264,369	-	436,438
	<hr/>	<hr/>	<hr/>	<hr/>
	1,409,496	680,683	-	2,090,179
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditure on Education</b>				
Support for church schools and parishes	94,471	151,283	-	245,754
	<hr/>	<hr/>	<hr/>	<hr/>
	6,292,977	934,559	-	7,227,536
	<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 £	2022 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Realised loss on disposal of assets for the charity's own use	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 10. Analysis of expenditure including allocation of support costs

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

### Comparative analysis for 2021

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2021 £
Raising funds	169,841	-	129,347	299,188
Charitable activities:				
Contributions to Archbishops' Council	-	346,149	-	346,149
Resourcing parish ministry	4,305,667	65,424	174,363	4,545,454
Support for ministry and mission	1,621,892	74,544	393,743	2,090,179
Education	245,754	-	-	245,754
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	6,343,154	486,117	697,453	7,526,724
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# 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 2022
	General	Designated			
	£	£	£	£	£
Central administration	706,431	-	-	-	706,431
Governance:					
External audit	19,320	-	-	-	19,320
Registrar and Chancellor	50,403	-	-	-	50,403
Synodical costs	5,877	-	-	-	5,877
	<u>782,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,031</u>

### Comparative analysis for 2021

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2021
	General	Designated			
	£	£	£	£	£
Central administration	677,785	-	-	-	677,785
Governance:					
External audit	19,668	-	-	-	19,668
Registrar and Chancellor	33,698	-	-	-	33,698
Synodical costs	3,692	-	-	-	3,692
	<u>734,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,843</u>

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

### 12. Analysis of grants made

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

	Number	Individuals £	Institutions £	2021 £	2020 £
<b>From unrestricted funds for National Church responsibilities:</b>					
Contributions to Archbishops' Council	5	-	346,149	<b>346,149</b>	<b>351,674</b>
<b>From unrestricted funds:</b>					
Resettlement and first incumbency grants	21	53,067	-	<b>53,067</b>	<b>58,121</b>
Doing Church Differently grants	1	-	(675)	<b>(675)</b>	-
Ordinands in training	3	8,209	-	<b>8,209</b>	<b>39,178</b>
Clergy for training	19	4,148	-	<b>4,148</b>	<b>1,921</b>
Mission initiatives in parishes	16	-	57,219	<b>57,219</b>	<b>98,635</b>
Clergy hardship grants	-	-	-	-	-
	60	65,424	56,544	<b>121,968</b>	<b>197,855</b>
<b>From restricted funds for various purposes:</b>					
Mission initiatives in parishes	-	-	-	-	<b>212</b>
Overseas mission work	3	-	18,000	<b>18,000</b>	<b>9,000</b>
Clergy hardship grants	-	-	-	-	-
	3	-	18,000	<b>18,000</b>	<b>9,212</b>
	68	65,424	420,693	<b>486,117</b>	<b>558,741</b>

### 13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	1,131,861	(1,131,861)	-
Payments to acquire property	-	(93,939)	93,939
Receipts from sale of property	-	43,392	(43,392)
Total Return spend	800,678	-	(800,678)
	1,932,539	(1,182,408)	(750,131)

#### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	804,523	(804,523)	-
Payments to acquire property	-	(102,577)	102,577
Receipts from sale of property	-	11	(11)
Total Return spend	21,443	-	(21,443)
	825,966	(907,089)	81,123

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

## Notes to the financial statements

### 14. Other gains and losses on revaluation

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

### Comparative analysis for 2021

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Revaluation of land and buildings	1,673,000	-	5,631,980	<b>7,304,980</b>

### 15. Net movement in funds

	2022 £	2021 £
This is stated after charging:		
Staff costs (note 16)	<b>1,436,416</b>	1,491,005
Redundancy costs	<b>14,561</b>	2,903
Auditors' remuneration - audit fee	<b>16,100</b>	16,390
- other services	-	-
Realised losses on disposals of tangible fixed assets	-	-
Operating leases - land and buildings	<b>57,867</b>	53,200
- other	<b>5,105</b>	5,558
Depreciation of tangible fixed assets	<b>9,570</b>	9,743
	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	<b>79,771</b>	1,437
Realised gains on disposals of investment fixed assets	<b>338,215</b>	1,616,903

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

## Notes to the financial statements

### 16. Staff costs

Employee costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	1,183,185	1,235,647
Social security costs	116,316	113,717
Pension contributions	136,915	141,641
	<u>1,436,416</u>	<u>1,491,005</u>

The average number of persons employed during the year:

	2022	2021
Administration and financial management	15	14
Communications	1	1
Discipleship & Ministry, Stewardship	13	16
Safeguarding & inclusion	4	4
Education	2	2
Transforming Mission	8	11
Change & Renewal	1	-
	<u>44</u>	<u>48</u>

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

	2022	2021
Administration and financial management	13.3	12.2
Communications	0.9	1.1
Discipleship & Ministry, Stewardship	8.6	10.5
Safeguarding & inclusion	2.6	2.7
Education	2.6	2.4
Transforming Mission	6.3	8.8
Change & Renewal	0.5	0.0
	<u>34.8</u>	<u>37.7</u>

Remuneration of higher paid employees were as follows:

	2022 £	2021 £
£60,001 - £70,000	1	2
	<u>1</u>	<u>2</u>

### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2022 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director for Ministry	Jonathan Rowe (post made redundant June 2022)
Director of Education and Discipleship	Katie Fitzsimmons
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £272,393 (2021: £310,118). Expenses were £1,893 (2021: £985).

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

## Notes to the financial statements

### 16. Staff costs (continued)

#### Related party transaction

The son of a member of the key management personnel worked for the charitable company and earned £1,096 (2021: £0).

#### Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 6 Trustees (2021: 7) received travelling and out of pocket expenses, totalling £12,744 (2021: £6,362) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

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

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

The charitable company paid an average of 76 (2021: 77) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2022 £	2021 £
Stipends	2,041,564	2,117,273
National insurance contributions	169,786	170,443
Pension costs	635,136	673,222
Apprenticeship Levy	9,231	9,695
	<hr/>	<hr/>
	<b>2,855,717</b>	2,970,633
	<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 £38,648 - £49,690 (2021 range £38,265 - £49,198). The annual rate of stipend, funded by the charitable company, paid to Archdeacons in 2020 was in the range £36,100 - £36,461 (2021 range £35,909 - £42,333) and other clergy who were Trustees were paid in the range £25,265 - £27,644 (2021 range £25,265 - £27,370).

### 17. Taxation

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



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

## Notes to the financial statements

### 18. Tangible fixed assets

#### 18.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2022	12,909,768	45,297,023	<b>58,206,791</b>
Additions	542,728	93,939	<b>636,667</b>
Disposals	(425,500)	-	<b>(425,500)</b>
Revaluation adjustment	1,180,654	3,283,511	<b>4,464,165</b>
Transfer	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>14,207,650</b>	<b>48,674,473</b>	<b>62,882,123</b>
	<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 (parsonages) which are vested in the incumbent but still included as charitable company assets in accordance with the accounting policies. Land and buildings at 31 December 2022 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2022	9,414,984	13,264,065	<b>22,679,049</b>
Additions	542,728	93,939	<b>636,667</b>
Disposals	(341,570)	-	<b>(341,570)</b>
Transfer	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>9,616,142</b>	<b>13,358,004</b>	<b>22,974,146</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### 18.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2022	28,218
Additions	-
	<hr/>
<b>At 31 December 2022</b>	<b>28,218</b>
	<hr/>
<i>Depreciation</i>	
At 1 January 2022	24,836
Charge for year	1,336
	<hr/>
<b>At 31 December 2022</b>	<b>26,172</b>
	<hr/>
<i>Net book value</i>	
<b>At 31 December 2022</b>	<b>2,046</b>
	<hr/>
At 31 December 2021	3,382
	<hr/> <hr/>

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

## Notes to the financial statements

### 18. Tangible fixed assets (continued)

#### 18.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2022	98,057
Additions	-
Disposals	-
	<hr/>
<b>At 31 December 2022</b>	<b>98,057</b>
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 January 2022	81,009
Disposals	-
Charge for year	8,234
	<hr/>
<b>At 31 December 2022</b>	<b>89,243</b>
	<hr/> <hr/>
<i>Net book value</i>	
<b>At 31 December 2022</b>	<b>8,814</b>
	<hr/> <hr/>
At 31 December 2021	17,048

#### 18.4 Total tangible fixed assets

	2022 £	2021 £
<i>Net book value</i>		
Freehold land and buildings	62,882,123	58,206,791
Leasehold premises	2,046	3,382
Office equipment	8,814	17,048
	<hr/>	<hr/>
	<b>62,892,983</b>	<b>58,227,221</b>
	<hr/> <hr/>	<hr/> <hr/>

### 19. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2022	17,445,000	12,098,483	20,976,156	50,519,639
Additions	17,052	-	-	17,052
Disposals	(262,350)	-	-	(262,350)
Revaluation adjustment	1,745,298	(1,189,099)	(2,647,490)	(2,091,291)
Transfer	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>18,945,000</b>	<b>10,909,384</b>	<b>18,328,666</b>	<b>48,183,050</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

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

## Notes to the financial statements

### 20. Debtors

	2022 £	2021 £
<i>Amounts falling due within one year</i>		
Trade debtors	7,391	-
Concessionary loans to parishes and others	40,000	48,000
Other debtors including prepayments and accrued income	937,031	736,131
	<hr/>	<hr/>
	<b>984,422</b>	784,131
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	41,500	73,000
	<hr/>	<hr/>
	<b>1,025,922</b>	857,131
	<hr/> <hr/>	<hr/> <hr/>

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £10,000 (2021: £10,000). The repayment terms of the loans range from 6 months to 7 years.

### 21. Cash at bank and in hand

	2022 £	2021 £
The CBF Church of England Deposit Fund	4,033,568	4,851,027
COIF Charities Deposit Fund	338,630	327,583
Barclays Bank PLC	28,939	25,592
National Westminster Bank PLC	707,333	858,027
Savills Client Account	55,507	135,663
Cash in hand	571	639
	<hr/>	<hr/>
	<b>5,164,548</b>	6,198,531
Less: attributable to local trust funds	<b>(816,245)</b>	(824,959)
	<hr/>	<hr/>
	<b>4,348,303</b>	5,373,572
	<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the financial statements

### 22. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	295,830	246,033
Other creditors (including taxation and social security)	115,020	34,142
Accruals and deferred income (note 23)	503,571	661,982
Pension scheme liabilities (note 28)		
Clergy Pension Scheme	-	142,000
Lay Defined Benefit Scheme	-	38,000
	<u>914,421</u>	<u>1,122,157</u>

### 23. Deferred income

	2022 £	2021 £
Deferred income is included within:		
Creditors due within one year	253,281	412,272
	<u>412,272</u>	<u>545,285</u>
Deferred income as at 1 January 2022	412,272	545,285
Released from previous years	(410,355)	(231,117)
Resources deferred in the year	251,364	98,104
	<u>253,281</u>	<u>412,272</u>

Included within deferred income of £253,281 (2021: £412,272) are the following balances: £56,393 (2021: £55,972) in respect of glebe deferred income, £82,065 (2021: £82,066) in respect of glebe service charges, £47,937 (2021: £156,579) received in advance of entitlement and £40,934 (2021: £90,939) received on behalf of schools.

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

## Notes to the financial statements

### 24. Funds employed

#### 24.1 Summary of fund movements

At 31 December 2022:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
<b>Unrestricted funds</b>						
General Fund	1,924,347	4,903,557	(6,244,448)	(91,724)	1,052,512	<b>1,544,244</b>
<i>Designated funds:</i>						
Board Houses Fund	12,909,768	-	36,379	1,180,654	80,849	<b>14,207,650</b>
Church House Fund	478,831	-	(43,200)	-	-	<b>435,631</b>
Densham Loan Fund	1,500	-	-	-	(1,500)	-
TM - Falmouth	169,170	-	(81,896)	-	-	<b>87,274</b>
TM – Phase 2	426,417	-	(150,528)	-	-	<b>275,889</b>
Net Zero 2030	-	-	(24,782)	-	374,782	<b>350,000</b>
Energy grants	-	-	(139,693)	-	229,693	<b>90,000</b>
Clergy hardship fund	-	-	(6,650)	-	6,650	-
Lay staff cost of living payments	-	-	(36,854)	-	36,854	-
Mission grants	-	-	(24,722)	-	152,699	<b>127,977</b>
	<u>15,910,033</u>	<u>4,903,557</u>	<u>(6,716,394)</u>	<u>1,088,930</u>	<u>1,932,539</u>	<u><b>17,118,665</b></u>
<b>Restricted funds</b>						
Pastoral Account	12,296,706	203,905	(37,563)	(1,370,914)	(1,182,408)	<b>9,909,726</b>
Diocesan Council for Mission & Unity	53,967	3,709	(18,065)	-	-	<b>39,611</b>
Education Trusts	1,122,400	117,034	(258,963)	(118,337)	-	<b>862,134</b>
Mission Fund	26,972	-	(26,972)	-	-	-
RME	27,723	87,703	(92,315)	-	-	<b>23,111</b>
SDF – TM Falmouth	23,574	152,001	(152,391)	-	-	<b>23,184</b>
SDF – Phase 2	(177)	225,499	(225,792)	-	-	<b>(470)</b>
SCF – On the Way	-	32,340	(32,340)	-	-	-
Strategic Ministry Fund	-	117,494	(117,494)	-	-	-
Generous Giving Fund	-	46,933	(46,933)	-	-	-
CJRG	-	-	-	-	-	-
Lambeth Conference	-	-	-	-	-	-
Transition Funding	-	33,108	(33,108)	-	-	-
SCF–Dir Change & Renewal	-	14,870	(14,870)	-	-	-
Energy Cost Grant	-	269,000	(269,000)	-	-	-
Clergy Hardship Fund	-	34,150	(34,150)	-	-	-
Archbishop mission grant	-	10,000	(3,111)	-	-	<b>6,889</b>
Bishop Phillpotts Library	12,992	-	(691)	-	-	<b>12,301</b>
Bishop Phillpotts Prize Fund	6,551	-	-	(97)	-	<b>6,454</b>
	<u>13,570,708</u>	<u>1,347,746</u>	<u>(1,363,758)</u>	<u>(1,489,348)</u>	<u>(1,182,408)</u>	<u><b>10,882,940</b></u>
<b>Expendable endowment</b>						
Parsonage Houses Fund	45,297,023	43,392	-	3,283,511	50,547	<b>48,674,473</b>
<b>Permanent endowment</b>						
Stipends Fund Capital Account	38,970,518	966,260	(104,337)	(172,004)	(800,678)	<b>38,859,759</b>
	<u>84,267,541</u>	<u>1,009,652</u>	<u>(104,337)</u>	<u>3,111,507</u>	<u>(750,131)</u>	<u><b>87,534,232</b></u>
<b>Total</b>	<u>113,748,282</u>	<u>7,260,955</u>	<u>(8,184,489)</u>	<u>2,711,089</u>	<u>-</u>	<u><b>115,535,837</b></u>

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

## Notes to the financial statements

### 24. Funds employed (continued)

#### 24.2 Prior year comparative summary of fund movements

At 31 December 2021:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
<b>Unrestricted funds</b>						
General Fund	2,229,771	4,850,769	(6,106,883)	144,741	805,949	<b>1,924,347</b>
<i>Designated funds:</i>						
Board Houses Fund	11,236,768	-	1,426	1,673,000	(1,426)	<b>12,909,768</b>
Church House Fund	522,031	-	(43,200)	-	-	<b>478,831</b>
Densham Loan Fund	1,500	-	-	-	-	<b>1,500</b>
TM – Falmouth	251,018	-	(81,848)	-	-	<b>169,170</b>
TM – Phase 2	598,486	-	(172,069)	-	-	<b>426,417</b>
Net Zero 2030	-	-	-	-	-	-
Energy grants	-	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-	-
Mission grants	-	-	(21,443)	-	21,443	-
	<u>14,839,574</u>	<u>4,850,769</u>	<u>(6,424,017)</u>	<u>1,817,741</u>	<u>825,966</u>	<u><b>15,910,033</b></u>
<b>Restricted funds</b>						
Pastoral Account	11,523,611	276,726	(27,915)	1,431,373	(907,089)	<b>12,296,706</b>
Diocesan Council for Mission & Unity	67,371	4,661	(18,065)	-	-	<b>53,967</b>
Education Trusts	1,039,017	105,862	(150,720)	128,241	-	<b>1,122,400</b>
Mission Fund	26,972	-	-	-	-	<b>26,972</b>
RME	14,253	103,442	(89,972)	-	-	<b>27,723</b>
SDF- TM Falmouth	21,099	177,989	(175,514)	-	-	<b>23,574</b>
SDF – Phase 2	725	257,201	(258,103)	-	-	<b>(177)</b>
SCF– On the Way	-	43,194	(43,194)	-	-	-
Strategic Ministry Fund	-	102,593	(102,593)	-	-	-
Generous Giving Fund	-	44,096	(44,096)	-	-	-
CJRG	-	23,091	(23,091)	-	-	-
Lambeth Conference	900	(900)	-	-	-	-
Transition Funding	-	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-	-
Bishop Phillpotts Library	14,288	-	(1,296)	-	-	<b>12,992</b>
Bishop Phillpotts Prize Fund	6,534	-	-	17	-	<b>6,551</b>
	<u>12,714,770</u>	<u>1,137,955</u>	<u>(934,559)</u>	<u>1,559,631</u>	<u>(907,089)</u>	<u><b>13,570,708</b></u>
<b>Expendable endowment</b>						
Parsonage Houses Fund	39,562,466	11	-	5,631,980	102,566	<b>45,297,023</b>
<b>Permanent endowment</b>						
Stipends Fund Capital Account	34,157,121	866,661	(168,148)	4,136,327	(21,443)	<b>38,970,518</b>
	<u>73,719,587</u>	<u>866,672</u>	<u>(168,148)</u>	<u>9,768,307</u>	<u>81,123</u>	<u><b>84,267,541</b></u>
<b>Total endowments</b>						
<b>Total</b>	<u>101,273,931</u>	<u>6,855,396</u>	<u>(7,526,724)</u>	<u>13,145,679</u>	<u>-</u>	<u><b>113,748,282</b></u>

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

## *Notes to the financial statements*

### 24. Funds employed (continued)

#### 24.3 Purposes of funds

##### **Unrestricted funds**

The General Fund supports the day to day activities of the charitable company.

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

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

The Church House Fund was created to fund the aggregate charges payable under the terms of the non-cancellable lease agreement for the new office premises at Church House.

The Densham Loan Fund originated from a bequest given to the charitable company in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars.

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

The Net Zero 2030 fund is paying for Net Zero works on the Board of Finance properties.

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

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

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

##### **Restricted funds**

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

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

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

The Mission Fund is for the specific purposes of investment in new mission initiatives which are not included in deanery plans.

Resourcing Ministerial Education (RME) is an age related block grant, received from the Archbishops Council to fund the training of ordinands in the diocese.

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

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

The Strategic Capacity Fund – On the Way is grant funding received from the Archbishops Council to assist in funding the On the Way work.

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

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

## *Notes to the financial statements*

### 24. Funds employed (continued)

#### 24.3 Purposes of funds (continued)

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

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

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

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

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

Coronavirus Job Retention Grant (CJRG) is grant funding received from the Government to assist with paying employees' wages who are furloughed.

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

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

#### **Endowment funds**

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

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



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

## Notes to the financial statements

### 24. Funds employed (continued)

#### 24.3 Purposes of funds (continued)

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2021	8,669,805	25,775,350	34,445,155
Movements in the year:			
Investment return: dividends and interest	-	866,661	866,661
Investment return: unrealised gains / (losses)	-	4,136,327	4,136,327
Investment return: fund raising costs	-	(168,148)	(168,148)
Funding of clergy pension deficit contributions	-	(144,469)	(144,469)
Transfer from Stipends Fund Capital Account to designated fund	-	(21,443)	(21,443)
Indexation on base value of investment	468,423	(468,423)	-
	<hr/>	<hr/>	<hr/>
Net movements in 2021	468,423	4,200,505	4,668,928
At 1 January 2022	<u>9,138,228</u>	<u>29,975,855</u>	<u>39,114,083</u>
Movements in the year:			
Investment return: dividends and interest	-	966,260	966,260
Investment return: unrealised gains / (losses)	-	(172,004)	(172,004)
Investment return: fund raising costs	-	(165,582)	(165,582)
Funding of clergy pension deficit contributions	-	(82,320)	(82,320)
Transfer from Stipends Fund Capital Account to designated fund	-	(800,678)	(800,678)
Indexation on base value of investment	960,665	(960,665)	-
	<hr/>	<hr/>	<hr/>
Net movements in 2022	960,665	(1,214,989)	(254,324)
At 31 December 2022			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	4,334,902	-	4,334,902
Unapplied total return	-	28,760,866	28,760,866
	<hr/>	<hr/>	<hr/>
	10,098,893	28,760,866	38,859,759
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the financial statements

### 24. Funds employed (continued)

#### 24.4 Analysis of net assets between funds

At 31 December 2022:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
<b>Unrestricted funds</b>					
General Fund	10,860	793,112	740,272	-	1,544,244
<i>Designated funds:</i>					
Board Houses Fund	14,207,650	-	-	-	14,207,650
Church House Fund	-	-	435,631	-	435,631
Densham Loan Fund	-	-	-	-	-
TM – Falmouth	-	-	87,274	-	87,274
TM – Phase 2	-	-	275,889	-	275,889
Net Zero 2030	-	-	350,000	-	350,000
Energy grants	-	-	90,000	-	90,000
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	127,977	-	127,977
	<u>14,218,510</u>	<u>793,112</u>	<u>2,107,043</u>	<u>-</u>	<u>17,118,665</u>
<b>Restricted funds</b>					
Pastoral Account	-	9,209,823	699,903	-	9,909,726
Diocesan Council for Mission & Unity	-	-	39,611	-	39,611
Education Trusts	-	951,107	(88,973)	-	862,134
Mission Fund	-	-	-	-	-
RME	-	-	23,111	-	23,111
Strategic Development Fund – TMF	-	-	23,184	-	23,184
Strategic Development Fund – Phase 2	-	-	(470)	-	(470)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	6,889	-	6,889
Bishop Phillpotts Library	-	-	12,301	-	12,301
Bishop Phillpotts' Prize Fund	-	851	5,603	-	6,454
	<u>-</u>	<u>10,161,781</u>	<u>721,159</u>	<u>-</u>	<u>10,882,940</u>
<b>Expendable endowment</b>					
Parsonage Houses Fund	48,674,473	-	-	-	48,674,473
<b>Permanent endowment</b>					
Stipends Fund Capital Account	-	37,228,157	1,631,602	-	38,859,759
	<u>48,674,473</u>	<u>37,228,157</u>	<u>1,631,602</u>	<u>-</u>	<u>87,534,232</u>
<b>Total endowments</b>					
<b>Total</b>	<u>62,892,983</u>	<u>48,183,050</u>	<u>4,459,804</u>	<u>-</u>	<u>115,535,837</u>

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

## Notes to the financial statements

### 24. Funds employed (continued)

#### 24.5 Prior year comparative summary of fund movements

At 31 December 2021:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
<b>Unrestricted funds</b>					
General Fund	20,430	884,836	1,123,640	(104,559)	<b>1,924,347</b>
<i>Designated funds:</i>					
Board Houses Fund	12,909,768	-	-	-	<b>12,909,768</b>
Church House Fund	-	-	478,831	-	<b>478,831</b>
Densham Loan Fund	-	-	1,500	-	<b>1,500</b>
TM - Falmouth	-	-	169,170	-	<b>169,170</b>
TM – Phase 2	-	-	426,417	-	<b>426,417</b>
Net Zero 2030	-	-	-	-	-
Energy grants	-	-	-	-	-
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	-	-	-
	<u>12,930,198</u>	<u>884,836</u>	<u>2,199,558</u>	<u>(104,559)</u>	<u><b>15,910,033</b></u>
<b>Restricted funds</b>					
Pastoral Account	-	10,580,737	1,715,969	-	<b>12,296,706</b>
Diocesan Council for Mission & Unity	-	-	53,967	-	<b>53,967</b>
Education Trusts	-	1,069,444	52,956	-	<b>1,122,400</b>
Mission Fund	-	-	26,972	-	<b>26,972</b>
RME	-	-	27,723	-	<b>27,723</b>
Strategic Development Fund – TMF	-	-	23,574	-	<b>23,574</b>
Strategic Development Fund – Phase 2	-	-	(177)	-	<b>(177)</b>
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	-	-	-
Bishop Phillpotts Library	-	-	12,992	-	<b>12,992</b>
Bishop Phillpotts' Prize Fund	-	948	5,603	-	<b>6,551</b>
	<u>-</u>	<u>11,651,129</u>	<u>1,919,579</u>	<u>-</u>	<u><b>13,570,708</b></u>
<b>Expendable endowment</b>					
Parsonage Houses Fund	45,297,023	-	-	-	<b>45,297,023</b>
<b>Permanent endowment</b>					
Stipends Fund Capital Account	-	37,983,674	989,409	(2,565)	<b>38,970,518</b>
<b>Total endowments</b>	<u>45,297,023</u>	<u>37,983,674</u>	<u>989,409</u>	<u>(2,565)</u>	<u><b>84,267,541</b></u>
<b>Total</b>	<u>58,227,221</u>	<u>50,519,639</u>	<u>5,108,546</u>	<u>(107,124)</u>	<u><b>113,748,282</b></u>

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

## Notes to the financial statements

### 25. Revaluation reserve

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

	<b>Balance brought forward</b> £	<b>Realised on transfers</b> £	<b>Unrealised surplus in year</b> £	<b>Realised on disposals</b> £	<b>Balance carried forward</b> £
Board Houses Fund	3,494,784	-	1,180,654	(83,930)	<b>4,591,508</b>
Parsonage Houses Fund	32,032,958	-	3,283,511	-	<b>35,316,469</b>
	<u>35,527,742</u>	<u>-</u>	<u>4,464,165</u>	<u>(83,930)</u>	<u><b>39,907,977</b></u>
Comparative analysis for 2021					
	<b>Balance brought forward</b> £	<b>Realised on transfers</b> £	<b>Unrealised surplus in year</b> £	<b>Realised on disposals</b> £	<b>Balance carried forward</b> £
Board Houses Fund	1,821,784	-	5,631,980	-	<b>3,494,784</b>
Parsonage Houses Fund	26,400,978	-	1,673,000	-	<b>32,032,958</b>
	<u>28,222,762</u>	<u>-</u>	<u>7,304,980</u>	<u>-</u>	<u><b>35,527,742</b></u>

### 26. Capital commitments

	<b>2022</b> £	<b>2021</b> £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	<b>51,584</b>	56,904
Repairs to properties	<b>138,396</b>	121,427
	<u><b>189,980</b></u>	<u>178,331</u>

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

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

## Notes to the financial statements

### 27. Operating leases

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

	2022 £	2021 £
<b>Land and buildings</b>		
Within one year of the balance sheet date	51,400	52,467
In the second to fifth years inclusive of the balance sheet date	33,600	78,000
Beyond 5 years of the Balance Sheet date		
	<u>85,000</u>	<u>130,467</u>
<b>Other operating leases</b>		
Within one year of the balance sheet date	885	4,555
In the second to fifth years inclusive of the balance sheet date	885	-
	<u>1,770</u>	<u>4,555</u>

### 28. Pensions

#### Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £635,136, 2021: £673,222), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £635,136 for 2022 (2021: £673,222).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

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

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

## Notes to the financial statements

### 28. Pensions (continued)

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the Balance Sheet liability over 2021 and over 2022 is set out in the table below:

	2022 £	2021 £
Balance sheet liability at 1 January	143,565	288,034
Deficit contribution paid	(82,320)	(144,469)
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(61,245)	-
	<hr/>	<hr/>
Balance Sheet liability at 31 December	-	143,565
	<hr/> <hr/>	<hr/> <hr/>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	n/a.	0.0% p.a.	0.2% p.a.
Price inflation	n/a.	n/a.	3.1% p.a.
Increase to total pensionable payroll	n/a.	-1.5% p.a.	1.6% p.a.

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

#### Lay

The charitable company participates in the Church Workers Pension Fund (CWPF) which has a section known as the Defined Benefits Scheme, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014.

#### Defined Benefits Scheme (DBS)

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2022: £23,319, 2021: £22,059), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £82,183 for 2022 (2021: credit of £65,941).

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

## Notes to the financial statements

### 28. Pensions (continued)

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m.

The next valuation is due at 31 December 2022.

Following the 2019 valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 45.2% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £38,046 per year were agreed for 4.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2022 £	2021 £
Balance sheet liability at 1 January	143,559	269,605
Deficit contribution paid	(38,057)	(38,046)
Interest cost (recognised in SoFA)	2,000	1,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(107,502)	(89,000)
	<hr/>	<hr/>
Balance Sheet liability at 31 December	-	143,559
	<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 2022	December 2021	December 2020
Discount rate	0.00%	1.40%	0.50%

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

#### Pension Builder Scheme (PBS)

For employees who commenced employment after 1 February 2010, the charitable company participates in the PBS section of the CWPF for lay staff. The scheme is administered by the Church of England Pensions Board which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The PBS of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefits schemes. The charitable company does not have any members in the Pension Builder 2014 scheme.

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2022: £113,596, 2021: £119,582).

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

## Notes to the financial statements

### 28. Pensions (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pensions Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements to the funding position over 2022. There is no requirement for deficit payments at the current time.

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

Balance Sheet reconciliation

	<b>2022</b>	2021
	£	£
Clergy pension liability at 31 December	-	143,565
Lay pension liability at 31 December	-	143,559
	<hr/>	<hr/>
Total pension liability at 31 December	-	287,124
Creditors: amounts falling due within one year	-	180,000
Creditors: amounts falling due after more than one year	-	107,124
	<hr/> <hr/>	<hr/> <hr/>

### 29. Transactions with Trustees

The trustees derive no financial benefit for their services as trustees other than the re-imbursment of their out-of-pocket expenses. In 2021, 6 trustees were paid £12,744 (2021: 7 trustees £6,362). However, of the trustees listed on pages 13 and 14, the charitable company also remunerated the Archdeacons, the Chair of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

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

### 30. Funds held on behalf of others

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

	<b>2022</b>	2021
	£	£
At valuation:		
Freehold land and buildings	<b>205,200</b>	205,200
Other investments	<b>4,646,808</b>	5,254,246
	<hr/>	<hr/>
	<b>4,852,008</b>	5,459,446
	<hr/> <hr/>	<hr/> <hr/>
At cost:		
Freehold land and buildings	<b>6,200</b>	6,200
Other investments	<b>2,215,150</b>	2,212,033
	<hr/>	<hr/>
	<b>2,221,350</b>	2,218,233
	<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 charitable company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the charitable company as their agent, the charitable company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31



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

## Notes to the financial statements

### 30. Funds held on behalf of others (cont)

December 2022, the charitable company held £248,918 (2021: £194,412) in designated bank accounts separate from those of the charitable company.

### 31. Contingent liability

A boundary wall adjacent to a closed church partly collapsed in 2018. Ownership of the wall and who is responsible for its repair are not known. The costs of any repairs are also unknown but if the wall is found to be owned by the TDBF, the charitable company may be responsible for all or some of the repair costs.

### 32. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
<b>Income and endowments from:</b>				
Donations:				
Parish contributions	3,047,015	-	-	3,047,015
Archbishops' Council	906,168	-	-	906,168
Other	117,615	802,415	-	920,030
Charitable activities – statutory fees etc	266,471	-	-	266,471
Other activities	-	276,726	-	276,726
Investments	512,074	58,814	866,661	1,437,549
Other	1,426	-	11	1,437
	-----	-----	-----	-----
<b>Total</b>	4,850,769	1,137,955	866,672	6,855,396
	=====	=====	=====	=====
<b>Expenditure on:</b>				
Raising funds	131,040	-	168,148	299,188
Charitable activities	6,292,977	934,559	-	7,227,536
Other resources expended	-	-	-	-
	-----	-----	-----	-----
<b>Total</b>	6,424,017	934,559	168,148	7,526,724
	=====	=====	=====	=====
<b>Net incoming resources before realised gains</b>	(1,573,248)	203,396	698,524	(671,328)
Net gains on investment assets	144,741	1,559,631	4,136,327	5,840,699
	-----	-----	-----	-----
<b>Net incoming resources before transfers</b>	(1,428,507)	1,763,027	4,834,851	5,169,371
Transfer between funds	825,966	(907,089)	81,123	-
	-----	-----	-----	-----
<b>Net income for the year</b>	(602,541)	855,938	4,915,974	5,169,371
Unrealised gains on revaluation	1,673,000	-	5,631,980	7,304,980
	-----	-----	-----	-----
<b>Net movement in funds</b>	1,070,459	855,938	10,547,954	12,474,351
Fund balances at 1 January 2021	14,839,574	12,714,770	73,719,587	101,273,931
	-----	-----	-----	-----
<b>Fund balances at 31 December 2021</b>	15,910,033	13,570,708	84,267,541	113,748,282
	=====	=====	=====	=====