

Company Registration No. 00049825
Charity No. 248330

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

FINANCIAL STATEMENTS

31 December 2021

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

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Trustees' Annual Report

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Have I not commanded you? Be strong, and of good courage; be not frightened, neither be dismayed; for the Lord your God is with you wherever you go.

2021 continued to bring large challenges to the life of the church and to the Trustees of the Truro Diocesan Board of Finance (TDBF), in part due to the Covid-19 pandemic.

There are three financial "headlines" in this report:

MMF income

The Mission and Ministry Fund (MMF) comes from the contributions given by parishes to fund the ministry costs of the diocese. Income from MMF increased by £31k (1%) in 2021 when compared to 2020. It was also slightly above budget, but only 66% of call. However, since 2017 it has fallen by almost £860k, 22%.

45 parishes paid their call in full which is a fall from 2020 levels when 54 paid in full, and 9 parishes didn't contribute anything which is a reduction of 1 from 10 in 2020. These continue to be concerning numbers and are part of the work with On the Way: see Plans for the future on page 4.

Reduced expenditure

Overall expenditure was £1.4m (16%) below budget. This is a large difference and is mainly due to the fact that the 2021 budget was prepared in mid 2020 during the height of the pandemic. This was a period of immense uncertainty and it is therefore not a surprise that the budget was so significantly incorrect. It was expected that deanery plans would be forthcoming during 2021 and associated spend would be incurred, this didn't happen and the following savings were made as a consequence:

- Lower clergy numbers generated a saving of £235k;
- Mission grants budget not spent £220k;
- Clergy dispossession budget not spent £125k; and
- Net zero budget not spent £112k.

The pandemic impacted the Transforming Mission projects for a longer period than expected which led to an underspend against budget of £197k and there was also an unexpected (and unbudgeted) movement on the lay pension scheme of £89k.

The value of our properties and investments has increased

The property market in Cornwall has been strong again during 2021 and this has resulted in a 14.9% increase in the value of our property portfolio during the year, which equates to an unrealised gain of £7.3m.

There was also an increase in the value of investments held leading to an unrealised gain of £4.2m, being £1.1m on glebe and £3.1m on listed and unlisted investments.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2021.

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

This combined report satisfies the legal requirements for:

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

Legal Objects

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

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

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

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Legal Objects (continued)

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

- the management of glebe property and investments to generate income to support the cost of stipends arising from the Endowment and Glebe Measure 1976;
- the repair of benefice houses as the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
- the management of investments and the custodian of assets relating to church schools under the Diocesan Board of Education Measure 1991;
- the custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

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

Vision, Aims and Objectives

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

During 2020, the trustees of the TDBF, working as the Bishop's Diocesan Council (BDC), endorsed a paper that was to become The Saints' Way – a theology and strategy of diocesan mission. It describes priorities and commitments for the diocese:

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

The business model for the Board of Finance in 2021 continued to be relatively simple:

- to move towards a balanced operating budget for 2023;
- the ongoing imbalance between cost of ministry and MMF was funded from investments and from grant funding, mainly from the Church Commissioners;
- the investment and property portfolio was managed in line with the various statutory and trust obligations that relate to different parts of it; and
- trustees used "Total Return" to release capital for investment in growth at parish level. The company, through the trustees, seeks and continues to receive additional grant funding from the Church Commissioners and others to support growth.

Activities and achievements during the year

When the 2021 TDBF budget was presented to the Diocesan Synod in November 2020 it was approved on the understanding that a significant change was needed. The 2021 operating budget deficit was £1.3m, with an overall budget deficit of £2m, and this is not sustainable.

This prompted a piece of work which resulted in the introduction of On the Way in January 2021. On the Way asks parish and deanery leaders to consider the calling of the church in their place alongside priorities described in The Saints Way. It relates directly to the priority of 'becoming a Church that is increasingly confident in its calling' but goes much wider than that. The destination being sought is fruitfulness and sustainability. The trustees know that this goal will not be reached by writing a strategy for fruitfulness and sustainability, which is then given to churches to put into action. The Holy Spirit is much more likely to be at work in and around local communities, and the fruitful and sustainable future being longed for is most likely to be discerned by local churches, working together in deaneries, seeking the Spirit and looking to join in.

As part of the On the Way work the deaneries are exploring how the Lowest Income Communities (LICF) funding can be used differently within the diocese to ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. This relates to 'serving the poor' along with the glebe estate continuing to provide land to build affordable and social housing with progress made on a number of projects in 2021. Since 2011, 197 affordable houses have been built on glebe land. A very small number of houses provide support to those experiencing acute need, including as landlord of last resort, a property to support St Petroc's charity and, in partnership with Cornwall Council, to support refugee housing.

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Activities and achievements during the year (continued)

Various policies were introduced in 2021 for managing our housing stock, our approach to the net-zero ambition, for managing clergy special agreements and staff redundancy. These have enabled work to progress alongside On the Way, although the management of the housing stock is delayed as deanery plans are developed. This has resulted in the level of surplus housing held continuing to be unsustainably high.

A commitment was made, as part of the work on moving towards a balanced operating budget, to reduce the 2023 costs of the shared services at Church House by £250k when compared to the 2021 budget. Work has started on this with: one staff member leaving in 2021 and not being replaced and one employee taking voluntary redundancy in 2021; and savings being made on legal fees and some departmental costs. Work continues on a formal staff redundancy process in order that the level of savings can be made. Whilst this will undoubtedly affect the ongoing level of support the diocese can provide to parishes, every effort will be made to minimise the impact of these cuts.

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

In April 2021 following receipt of the Past Case Review (PCR) 2 report a serious incident report was made to the Charity Commission. There was reasonable belief that there had been a breach of the charity's procedures or policies which has put beneficiaries, staff, volunteers or others who come in contact with it through its work at significant risk of harm. An action plan was put in place to address the weaknesses that it identified and immediate action was taken whenever urgent or real-time risks to individuals were raised by the reviewers.

Core functions of the TDBF continued to be maintained during 2021 with the majority of work continuing to take place remotely since the start of the first lockdown in March 2020.

Key strategic decisions taken by trustees in 2021 were:

- to achieve a balanced operating budget for 2023;
- to support On the Way;
- to commit Lowest Income Communities funding (LICF) directly to ministry in communities experiencing deprivation, once a balanced budget was achieved;
- to maintain expenditure on the property portfolio; and
- to implement the recommendations of the PCR2 report.

Public benefit

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

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

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

The Christian Presence

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

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

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The Christian Presence (continued)

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

	<u>2021</u>	<u>2020</u>
Stipendiary priests	60	62
Self-supporting priests	12	13
'House for Duty' priests	4	6
Stipendiary curates	18	18
Self-supporting curates	11	11
Readers	101	112
Priests with Permission to Officiate (incl retired and non-retired)	143	161
Local Worship Leaders	255	269
Local Pastoral Ministers	246	253

Work with schools

The ambition for the Diocesan Board of Education (DBE) remains "becoming a significant partner for raising standards in schools in Cornwall and the Isles of Scilly" and the work of the education team with schools and multi academy trust has continued to focus on this. The DBE does this work by promoting the Church of England "Vision for Education." The ambition and the vision are for all schools in Cornwall, including, but not confined to, the 44 church schools.

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

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

Volunteers

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

Plans for the future

On the Way will progress and see deanery plans implemented leading to fruitful and sustainable communities across the diocese.

New arrangements for leading change at the diocesan level will integrate oversight and project planning for TM, the use of LICF and other mission funding, with the wider deanery level planning. TM will at last become part of the mainstream of the diocese. A "reset" of the TM projects in the light of Covid and other changes is currently underway.

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

The 2022 budget includes an assumption that MMF contributions will return to the 2019 levels. This again forms part of the On the Way work.

It is hoped that with all of these changes the 2023 budget will show a more sustainable financial projection with a balanced operating budget. This continues to be a very challenging ambition but the trustees are hopeful this can be achieved.

Financial Review

Financial performance

The SOFA for the year shows total income of £6,855k (2020: £6,972k) and total expenditure of £7,527k (2020: £7,414k), resulting in net expenditure of £671k (2020: £442k).

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Financial performance (continued)

The decrease in income of £117k is predominantly due to reduced realised gains on disposal of assets of £297k along with reduced rent from Parsonage houses of £31k, investment income of £25k and café income of £21k which were partly offset by increased MMF contributions (see below) of £31k, statutory fees of £23k and grant income of £198k for the Transforming Mission projects, curates and Generous Giving Advisors work.

The MMF contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2021 this income increased by £31k to £3,047k (2020: £3,016k). The MMF collection rate improved marginally to 66.69%, a slight increase on the previous year's 64.31%. This still represents the lowest contribution rate of all the dioceses in the Church of England.

Expenditure increased by £113k. This is mainly due to a provision for a loan of £150k and an increase in the clergy pension contributions of £104k which were offset by savings in support costs of £26k, a reduced level of spend on housing of £22k and the movement in the lay pension liability of £89k, which didn't occur in 2020.

In addition, the gains on investments assets of £5,841k and the unrealised gains on property revaluations of £7,305k contributed to the total fund balances increasing from £101,274k to £113,748k.

Significant property transactions

In 2021 TDBF didn't buy or sell any properties.

The DBF policy continues to be:

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

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

Balance Sheet position

The net assets at the balance sheet date totalled £113,748k (2020: £101,274k). This includes properties totalling £58,207k (2020: £50,799k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the DBF.

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

Reserves Policy

Free reserves

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

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,100k	1,100k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	11,650	-	11,650k
Diocesan Pastoral Account - Benefice Accounts	-	-	6,000k	6,000k
Total	1,700k	11,650k	7,300k	20,650k

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Reserves Policy (continued)

As at 31 December 2021 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2020: £1,700k), as per the table above. Actual free reserves as at 31 December 2021 amounted to £1,924k (2020: £2,230k) which is above the target amount.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund, together with the intended use of the reserve, is set out in note 25. At 31 December 2021 total designated reserves were £13,986k (2020: £12,610k).

Restricted and endowment funds

As set out in note 25 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £13,571k (2020: £12,715k) and endowment funds totalled £84,268 (2020: £73,720). None is available for the general purposes of the TDBF. At the end of the year, the amount of the Pastoral Account that must be ring-fenced pending proposed pastoral reorganisations amounted to £4,033k (2020: £4,900k).

Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the DBF's income comes from other charitable entities. The DBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2021.

Investment policies

Under the Articles of Association, the company has the power to make any investment which the Trustees see fit. The Investment Management Committee oversees the management of the company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The company's Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the company's investments shall be administered and was updated in January 2022.

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

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

There were some significant changes to the portfolio during the year. The £1.75m proceeds from the sale of the CBF Property Fund were received in January with £1m being added to the CCLA CBF Investment Fund and the balance split between the following infrastructure funds: Greencoat UK Wind, JLEN Environmental Assets, and NextEnergy Solar Fund. During the Summer the decision was made to sell M&G Charifund and also to reduce exposure to CCLA's other funds, particularly CBF UK income and CBF Global Equity Income. This produced proceeds of £10m which was split equally between Cazenove Charity Responsible Multi Asset Fund and the Sarasin Endowment Climate Active Fund.

The effect of these changes has been to increase our overall equity exposure modestly, whilst reducing exposure to the UK significantly. We have lowered our exposure to property and to bonds, but we have increased our holdings of 'alternatives', choosing investments that act as bond proxies, in a manner that complies with our ESG approach.

The company holds investments in two of the CBF Church of England Funds, representing 63.4% of the total value of the company's investments of £33,075k (excluding Glebe) at 31 December 2021. The remaining 36.6% are held in listed investments (see note 20).

The Investment Management Committee has adopted an industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The MSCI PIMFA Balanced Index rose by 10.6% in capital terms in 2021. The TDBF portfolio rose by 15.0% in the same period. The outcome for the year is quite encouraging.

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Investment policies (continued)

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

Total Returns

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

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

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Board to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The Board decided to make a transfer from unapplied total return to unrestricted income funds in both 2020 and 2021. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

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

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2021 is indicated in note 12.

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

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

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

Principal risks and uncertainties

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

Following risk management training, a new risk register and heat-map format was developed and embedded in 2020. The risk managers continue to meet quarterly to discuss the ongoing development and each register is reviewed in detail by the FAR annually on a rotating schedule.

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

- Finance: income insufficient to meet financial commitments.
 - monthly monitoring by Finance department
 - formal decision making process and financial regulations providing a control over spending;
 - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry.
 - the On the Way process works with deaneries to enable fruitfulness and sustainability for parishes;
 - annual budgeting;
 - effective use of reserves, for example funds released by the Total Returns mechanism;
 - Glebe and Investment Management Committees review the portfolios to ensure income is maximised and adjusting the mix of the portfolio when necessary;
 - prudent reserves policy, which is reviewed annually;
 - Generous Giving Advisors help nurture and grow a culture of giving generously including promoting Parish Giving Scheme;
 - liaising closely with Church Commissioners and other national bodies about national strategy; and

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Principal risks and uncertainties (continued)

- The Saints Way to lead the vision for the Diocese.
- Safeguarding: failure to safeguard, care and nurture of children and vulnerable adults within our church community, due to lack of PCC capacity and/or resources.
 - implementation of national and local policies and practice guidance;
 - Parish Priest and Parish Safeguarding Officers have defined responsibilities for safeguarding;
 - Diocesan Safeguarding Team in place to provide support, guidance and training;
 - interim control measures required during Covid-19, increased guidance and advice to PCC's; and
 - training available to PCC's that aligns with national guidance, delivered by a network of volunteer trainers and the Diocesan Safeguarding trainer and with a formal reporting structure.
- Safeguarding: 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.

Structure and Governance

Summary Information about the Structure of the Church of England

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

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

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

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

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

The National Church Institutions

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

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

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

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

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

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The Diocese of Truro

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

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

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

Archdeaconries, Deaneries, Benefices and Parishes

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

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

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

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

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

Deanery Synods

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

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

Diocesan Governance

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

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

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

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

Trustees' Annual Report

For the year ended 31 December 2021

Bishop's Diocesan Council and the Finance, Assets and Risk Committee

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

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

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

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

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

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

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

The Bishop's Diocesan Council's responsibilities

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

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

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

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

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

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

Trustees' Annual Report

For the year ended 31 December 2021

Statement of disclosure to auditor

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

The Finance, Assets and Risk Committee

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

Trustee recruitment, selection, induction and training

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

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

Delegation of day to day delivery

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

Remuneration of key management personnel

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

Funds held as Custodian Trustee

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £5.5m at 31 December 2021 (2020: £4.7m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

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

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

The company administers Devolved Formula Capital (DFC) grants for the Diocese's church schools. At 31 December 2021, the Company held £194,412 (2020: £193,169) in designated bank accounts separate from those of the Company.

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

Trustees' Annual Report

For the year ended 31 December 2021

Related parties

General Synod, Church Commissioners and Archbishops' Council

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

Parochial Church Councils (PCCs)

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

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

The Cathedral

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

Connected charities

The trustees consider the following to be a connected charity:

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

Pensions

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

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

Further details about these schemes are contained in note 29 to the financial statements.

Appointment of solicitors

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

Appointment of auditors

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

Administrative Information

Members of the Bishop's Diocesan Council

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

Chairman (ex officio)	The Rt. Revd. P I Mounstephen
Chairman of the Truro Diocesan Board of Finance (elected by the Members)	Mr M J Sturgess

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

Trustees' Annual Report

For the year ended 31 December 2021

Ex officio	The Rt. Revd. H Nelson The Very Revd. R C Bush (The Dean) The Ven. P D Bryer (Archdeacon of Cornwall) (and acting Archdeacon of Bodmin from 1 March 2021 until 23 May 2021) The Ven. A A Elkington (Archdeacon of Bodmin) (resigned 28 February 2021) The Ven. K A Betteridge (Archdeacon of Bodmin) (appointed 23 May 2021)
Elected by the relevant Houses of Diocesan Synod	
Chair of the House of Clergy	The Revd. Canon J S Thorold (resigned 6 November 2021) The Revd. C C McQuillen Wright (appointed 6 November 2021)
Chair of the House of Laity	Mrs A Corbett (resigned 6 November 2021) Lay Canon Mr R J Perry (appointed 6 November 2021)
Elected by Houses and Archdeacons	
Archdeaconry of Cornwall	The Revd. C C McQuillen-Wright (appointed Chair of the House of Clergy 6 November 2021) The Revd. B R Morgan Lundie (appointed 6 November 2021) Mr N C J Herian (resigned 6 November 2021) Mr R H Kirkpatrick (resigned 5 May 2021) Mr A P Hicks (appointed 6 November 2021)
Archdeaconry of Bodmin	The Revd. Canon L Parker (resigned 6 November 2021) The Revd. P R Holley (appointed 8 December 2021) The Revd. R J Terry (appointed 8 December 2021) Mr R C West (resigned 3 February 2022)
Bishop's Appointments	Lay Canon Mr R J Perry (appointed Chair of the House of Laity 6 November 2021) Mrs C E Irwin Dr A G Thompson The Revd. T Folland The Revd. S Morgan Mrs A Corbett (appointed 6 November 2021)
Company Secretary	The Revd. Canon S Cade
Registered Office	Church House Woodlands Court Truro Business Park Threemilestone Truro TR4 9NH
Telephone	01872-274351
Email address	info@truro.anglican.org
Website	www.trurodiocese.org.uk
Company registration number	00049825 (England and Wales)
Charity registration number	248330
Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London
Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
Insurers	Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester

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

Trustees' Annual Report

For the year ended 31 December 2021

Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London
	M&G Investments, Governor's House, 5 Laurence Pountney Hill, London
	Walker Crips Investment Management Limited, Old Change House, 128 Queen Victoria Street, London
	Sarasin & Partners LLP, Juxon House, 100 St Pauls Churchyard, London
	Cazenove Capital, 1 London Wall Place, London
Glebe estate manager	Savills, Lemon Street, Truro
Property manager	Savills, Lemon Street, Truro

Approval of this combined report

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

This report was approved by the Bishop's Diocesan Council on 27 April 2022 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman

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

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

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

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on pages 10 and 11), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

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

Use of our report

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

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
27 April 2022

10 Queen Street Place
London
EC4R 1AG



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

Statement of Financial Activities

For the year ended 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2021 £	2020 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,047,015	-	-	3,047,015	3,016,213
Archbishops' Council		906,168	-	-	906,168	899,499
Other		117,615	802,415	-	920,030	728,216
Charitable activities – statutory fees		266,471	-	-	266,471	243,557
Other activities	4	-	276,726	-	276,726	324,553
Investments	5	512,074	58,814	866,661	1,437,549	1,462,165
Other	6	1,426	-	11	1,437	298,014
Total		4,850,769	1,137,955	866,672	6,855,396	6,972,217
Expenditure on:						
Raising funds	7	131,040	-	168,148	299,188	328,148
Charitable activities	8	6,292,977	934,559	-	7,227,536	7,074,608
Other resources expended	9	-	-	-	-	11,307
Total		6,424,017	934,559	168,148	7,526,724	7,414,063
Net incoming / (outgoing) resources before realised gains		(1,573,248)	203,396	698,524	(671,328)	(441,846)
Net gains on investment assets		144,741	1,559,631	4,136,327	5,840,699	752,167
Net incoming / (outgoing) resources before transfers		(1,428,507)	1,763,027	4,834,851	5,169,371	310,321
Transfer between funds	13	825,966	(907,089)	81,123	-	-
Net income for the year		(602,541)	855,938	4,915,974	5,169,371	310,321
Unrealised gains on revaluation	14	1,673,000	-	5,631,980	7,304,980	4,786,432
Net movement in funds	15	1,070,459	855,938	10,547,954	12,474,351	5,096,753
Fund balances at 1 January 2021		14,839,574	12,714,770	73,719,587	101,273,931	96,177,178
Fund balances at 31 December 2021		15,910,033	13,570,708	84,267,541	113,748,282	101,273,931

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

Income and Expenditure Account,

For the year ended 31 December 2021

	2021 £	2020 £
Total incoming resources	5,988,724	5,790,072
Resources expended	(7,358,576)	(7,231,797)
	_____	_____
Operating deficit for the year	(1,369,852)	(1,871,320)
Net gains on investments	1,704,372	416,367
	_____	_____
Net income /(expenditure) for the year	334,520	(1,025,358)
Other comprehensive income		
Revaluation of fixed assets	1,673,000	1,088,918
Net assets transferred from endowments	(81,123)	1,260,849
	_____	_____
Total comprehensive income	1,926,397	1,324,409
	=====	=====

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

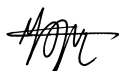
The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Balance Sheet at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	19	58,227,221	50,827,324
Investments	20	50,519,639	45,364,217
		<u>108,746,860</u>	<u>96,191,541</u>
Current assets			
Debtors	21	857,131	829,527
Cash at bank and in hand	22	5,373,572	5,706,342
		<u>6,230,703</u>	<u>6,535,869</u>
Creditors: amounts falling due within one year			
Other creditors	23	1,122,157	1,075,840
		<u>5,108,546</u>	<u>5,460,029</u>
Net current assets		<u>113,855,406</u>	<u>101,651,570</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	29	107,124	377,639
		<u>113,748,282</u>	<u>101,273,931</u>
Net assets			
Funds employed			
Unrestricted funds		15,910,033	14,839,574
Restricted funds		13,570,708	12,714,770
Expendable endowment			
Parsonage Houses Fund		45,297,023	39,562,466
Permanent endowments			
Stipends Fund Capital Account		38,970,518	34,157,121
		<u>84,267,541</u>	<u>73,719,587</u>
Total endowments			
Total funds employed	25.4	<u>113,748,282</u>	<u>101,273,931</u>
The revaluation reserve included in the above funds is:	26	<u>35,527,742</u>	<u>28,222,762</u>

The cash flow statement and the notes form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 27 April 2022 and signed on its behalf by:

M Sturgess
Chairman



Company Registration No. 00049825

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

Cash Flow Statement

For the year ended 31 December 2021

	2021	2020
	£	£
Net cash outflow from operating activities	(1,814,554)	(1,881,439)
Cash flows from investing activities		
Dividends, interest and rent from investments	899,730	966,447
Interest paid	-	(366)
Proceeds from the sale of:		
Tangible fixed assets	1,437	1,361,561
Fixed asset investments	12,534,770	1,050,000
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(104,660)	(68,905)
Fixed asset investments	(11,849,493)	(1,046,776)
	<hr/>	<hr/>
Net cash provided by investing activities	1,481,784	2,261,961
	<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period	(332,770)	380,522
Cash and cash equivalents at 1 January 2021	5,706,342	5,325,820
	<hr/>	<hr/>
Cash and cash equivalents at 31 December 2021	5,373,572	5,706,342
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December 2021	12,474,352	5,096,753
Adjustments for:		
Depreciation charges	9,743	9,409
Dividends, interest and rent from investments	(899,730)	(966,447)
Interest paid	-	366
Profit on sale of functional assets	(1,437)	(286,707)
Gains on investments and revaluation of fixed assets	(13,145,679)	(5,538,599)
Increase in loans to parishes	(50,343)	(36,782)
Decrease in stock	-	1,213
Decrease/(increase) in debtors	22,738	(144,021)
Increase in creditors	46,317	237,067
Defined benefit pension costs less contributions payable	(271,515)	(261,691)
Defined benefit pension finance costs	1,000	8,000
	<hr/>	<hr/>
Net cash (used in) operating activities	(1,814,554)	(1,881,439)
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Cash in hand	5,373,572	5,706,342
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

1. Constitution

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

2. Principal accounting policies

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

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

Basis of preparation

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

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

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

Going Concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any material uncertainties relating to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements. Contributions received from the parishes (MMF) in 2021 are expected to be at a level higher than that in 2020, with other income expected to be at, or around, 2020 levels. With further prolonged lockdowns in 2021 there will be some cost savings to assist with the impact that the pandemic had on the General Fund in 2020. The trustees have concluded that the company has adequate resources, in the form of unrestricted funds, to continue in operational existence for the foreseeable future and there are no material uncertainties about the company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

(a) Income

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

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

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

Interest and dividends are recognised as income when receivable.

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

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

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

(b) Expenditure

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

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

Notes to the financial statements

(b) Expenditure (continued)

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

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

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

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

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

The Company became VAT registered on 1 December 2019 and deregistered on 31 May 2020. Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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

Pension contributions. The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (for further details of the schemes in place see note 29).

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

(c) Tangible fixed assets and depreciation

Freehold properties

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

Investment properties

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

Parsonage houses

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

School properties

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

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

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

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

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

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

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

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

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

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

Cash and cash equivalents

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

Financial instruments

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

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

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

Financial assets held at fair value comprise the listed and unlisted investments disclosed in note 20.

Concessionary loans

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

(e) Other accounting policies

Leasing

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

(f) Fund balances

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

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

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

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

Notes to the financial statements

(f) Fund balances (continued)

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

Details of the major funds are given in note 25.

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

(g) Critical accounting estimates and judgements

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

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

The key estimates and assumptions made in these accounts are:

- Freehold properties are valued at the trustees' estimate which is based on cost/market valuation adjusted by a published index to reflect changes since the last valuation.
- Investment properties are valued at the trustees' estimate which is based on a market valuation completed by the property management company.
- The present value of the clergy and lay pension schemes defined benefit liabilities depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions in determining the net cost of income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability.

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

Notes to the financial statements

3. Donations

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Current year call	4,569,276	-	-	4,569,276
Shortfall in contributions	(1,564,367)	-	-	(1,564,367)
	<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>

Current year MMF receipts represent 65.76% of the total call (2020: 63.11%) or, when receipts for previous years are included, 66.69% of the total call (2020: 64.31%).

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Selective allocations	861,464	-	-	861,464
Contribution to registrar's retainer	44,704	-	-	44,704
	<u>906,168</u>	<u>-</u>	<u>-</u>	<u>906,168</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Allchurches Trust	102,250	-	-	102,250
Strategic Development Funding - Falmouth	-	177,989	-	177,989
Strategic Development Funding – Phase 2	-	257,201	-	257,201
RME	-	103,442	-	103,442
Generous Giving Funding	-	44,096	-	44,096
Strategic Capacity Funding – Governance Review	-	-	-	-
Strategic Ministry Funding	-	102,593	-	102,593
Coronavirus Job Retention Grant	-	23,091	-	23,091
Lambeth Palace Conference	-	(900)	-	(900)
Past Case Review 2	-	-	-	-
Strategic Capacity Funding – On the Way	-	43,194	-	43,194
Contribution towards church schools:				
Department for Education	-	47,205	-	47,205
Donations from individuals	4,570	4,504	-	9,074
Other contributions	10,795	-	-	10,795
	<u>117,615</u>	<u>802,415</u>	<u>-</u>	<u>920,030</u>

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

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2020

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Current year call	4,689,920	-	-	4,689,920
Shortfall in contributions	(1,729,963)	-	-	(1,729,963)
	<u>2,959,957</u>	<u>-</u>	<u>-</u>	<u>2,959,957</u>
Receipts for previous year	56,256	-	-	56,256
	<u>3,016,213</u>	<u>-</u>	<u>-</u>	<u>3,016,213</u>

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Selective allocations	856,004	-	-	856,004
Contribution to registrar's retainer	43,495	-	-	43,495
	<u>899,499</u>	<u>-</u>	<u>-</u>	<u>899,499</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Allchurches Trust	100,500	-	-	100,500
CEMES grant	-	-	-	-
Strategic Development Funding - Falmouth	-	187,696	-	187,696
Strategic Development Funding – Phase 2	-	135,645	-	135,645
RME	-	129,013	-	129,013
Transition Funding	-	-	-	-
Strategic Capacity Funding – Governance Review	-	13,097	-	13,097
Strategic Ministry Funding	-	39,206	-	39,206
Coronavirus Job Retention Grant	-	19,634	-	19,634
Lambeth Palace Conference	-	900	-	900
Past Case Review 2	-	30,000	-	30,000
Strategic Capacity Funding – Phase 2	-	-	-	-
Contribution towards church schools:				
Department for Education	-	46,551	-	46,551
Donations from individuals	8,227	4,586	-	12,813
Other contributions	13,161	-	-	13,161
	<u>121,888</u>	<u>606,328</u>	<u>-</u>	<u>728,216</u>

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

Notes to the financial statements

4. Other activities

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Rents from Parsonage houses	-	255,237	-	255,237
Recoverable costs	-	21,489	-	21,489
Community café income	-	-	-	-
	<u>-</u>	<u>276,726</u>	<u>-</u>	<u>276,726</u>

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Rents from Parsonage houses	-	285,740	-	285,740
Recoverable costs	-	18,067	-	18,067
Community café income	20,746	-	-	20,746
	<u>20,746</u>	<u>303,807</u>	<u>-</u>	<u>324,553</u>

5. Investment income

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

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Dividends and interest	412,606	19,127	534,714	966,447
Rents:				
Board properties	109,855	-	-	109,855
Glebe estate	-	-	349,417	349,417
Redundant schools	-	36,446	-	36,446
	<u>522,461</u>	<u>55,573</u>	<u>884,131</u>	<u>1,462,165</u>

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

Notes to the financial statements

6. Other incoming resources

	Unrestricted funds £	Restricted funds £	Endowments £	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>

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised gains on disposal of assets for the charity's own use	-	-	298,014	298,014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2021 £
Glebe: Outgoings	-	-	116,377	116,377
Management charges	-	-	51,771	51,771
Pension scheme interest	1,000	-	-	1,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	129,347	-	-	129,347
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	131,040	-	168,148	299,188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Glebe: Outgoings	-	-	126,421	126,421
Management charges	-	-	47,845	47,845
Pension scheme interest	10,000	-	4,000	14,000
Let vacant parsonages (management charges)	756	-	-	756
Central support costs	139,126	-	-	139,126
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	149,882	-	178,266	328,148
	<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 £	2021 £
Contributions to Archbishops' Council				
Training for Ministry	157,583	-	-	157,583
National Church responsibilities	110,078	-	-	110,078
Grants and provisions	13,460	-	-	13,460
Mission Agency pension contributions	7,055	-	-	7,055
Retired clergy housing costs (CHARM)	57,973	-	-	57,973
	<hr/>	<hr/>	<hr/>	<hr/>
	346,149	-	-	346,149
	<hr/>	<hr/>	<hr/>	<hr/>
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,149,318	102,593	-	2,251,911
Pension contributions	633,205	-	-	633,205
Clergy settlements	18,627	-	-	18,627
Home/parish mileage	8,110	-	-	8,110
Sundry clergy related costs	17,412	-	-	17,412
Housing costs	983,800	-	-	983,800
Property management charges	140,688	-	-	140,688
Resettlement and associated costs	78,100	-	-	78,100
Other payments (including CMED)	239,238	-	-	239,238
Central support costs	174,363	-	-	174,363
	<hr/>	<hr/>	<hr/>	<hr/>
	4,442,861	102,593	-	4,545,454
	<hr/>	<hr/>	<hr/>	<hr/>
Support for ministry and mission				
Mission Fund grants	56,544	-	-	56,544
Diocesan support for ordinands in training	74,216	89,972	-	164,188
Training and development	107,838	523	-	108,361
DMPC functions	145,401	-	-	145,401
Specialist ministries	149,381	20,197	-	169,578
Social Responsibility	23,236	-	-	23,236
Diocesan Advisory Committee	32,331	-	-	32,331
Chancellor's and Registrar's retainers	39,698	-	-	39,698
Faculty fees	11,570	-	-	11,570
Communications	56,929	-	-	56,929
Closed church expenditure	-	27,915	-	27,915
General Synod members' expenses	3,692	-	-	3,692
Central support costs	393,743	-	-	393,743
Movement in lay pension scheme deficit	(89,000)	-	-	(89,000)
Generous Giving Advisors	-	44,096	-	44,096
On the Way	-	43,194	-	43,194
Bad debt provision	150,000	-	-	150,000
Transforming Mission – Falmouth	81,848	190,417	-	272,265
Transforming Mission – Phase 2	172,069	264,369	-	436,438
Governance Review	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,409,496	680,683	-	2,090,179
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on Education				
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/>	<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 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Contributions to Archbishops' Council				
Training for Ministry	157,531	-	-	157,531
National Church responsibilities	118,438	-	-	118,438
Grants and provisions	13,237	-	-	13,237
Mission Agency pension contributions	5,909	-	-	5,909
Retired clergy housing costs (CHARM)	56,559	-	-	56,559
	<u>351,674</u>	<u>-</u>	<u>-</u>	<u>351,674</u>
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,220,873	39,206	-	2,260,079
Pension contributions	525,250	-	4,000	529,250
Home/parish mileage	5,577	-	-	5,577
Sundry clergy related costs	14,104	-	-	14,104
Housing costs	1,005,565	-	-	1,005,565
Property management charges	137,133	-	-	137,133
Resettlement and associated costs	86,798	-	-	86,798
Other payments (including CMED)	246,832	-	-	246,832
Central support costs	186,935	-	-	186,935
	<u>4,429,067</u>	<u>39,206</u>	<u>4,000</u>	<u>4,472,273</u>
Support for ministry and mission				
Mission Fund grants	98,635	212	-	98,847
Diocesan support for ordinands in training	52,766	112,572	-	165,338
Training and development	122,072	-	-	122,072
DMPC functions	129,548	-	-	129,548
Specialist ministries	190,635	42,935	-	233,570
Social Responsibility	22,584	-	-	22,584
Diocesan Advisory Committee	32,858	-	-	32,858
Chancellor's and Registrar's retainers	60,795	-	-	60,795
Faculty fees	15,703	-	-	15,703
Communications	88,202	-	-	88,202
Closed church expenditure	-	31,639	-	31,639
General Synod members' expenses	3,760	-	-	3,760
Central support costs	421,678	-	-	421,678
Transforming Mission – Falmouth	170,439	220,588	-	391,027
Transforming Mission – Phase 2	89,947	134,920	-	224,867
Governance Review	-	13,097	-	13,097
	<u>1,499,622</u>	<u>555,963</u>	<u>-</u>	<u>2,055,585</u>
Expenditure on Education				
Support for church schools and parishes	75,625	119,451	-	195,076
	<u>6,355,988</u>	<u>714,620</u>	<u>4,000</u>	<u>7,074,608</u>

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

Notes to the financial statements

9. Other resources expended

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

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Realised loss on disposal of assets for the charity's own use	11,307	-	-	11,307
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. Analysis of expenditure including allocation of support costs

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

Comparative analysis for 2020

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2020 £
Raising funds	189,022	-	139,126	328,148
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	4,186,118	99,220	186,935	4,472,273
Support for ministry and mission	1,526,060	107,847	421,678	2,055,585
Education	195,076	-	-	195,076
	<u>6,096,276</u>	<u>558,741</u>	<u>747,739</u>	<u>7,402,756</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 2021
	General	Designated			
	£	£	£	£	£
Central administration	677,785	-	-	-	677,785
Governance:					
External audit	19,668	-	-	-	19,668
Registrar and Chancellor	33,698	-	-	-	33,698
Governance review	-	-	-	-	-
Synodical costs	3,692	-	-	-	3,692
	<u>734,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>734,843</u>

Comparative analysis for 2020

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2020
	General	Designated			
	£	£	£	£	£
Central administration	730,267	-	-	-	730,267
Governance:					
External audit	17,472	-	-	-	17,472
Registrar and Chancellor	60,795	-	-	-	60,795
Governance review	-	-	13,097	-	13,097
Synodical costs	3,760	-	-	-	3,760
	<u>812,294</u>	<u>-</u>	<u>13,097</u>	<u>-</u>	<u>825,391</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	2021	2020
		£	£	£	£
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	346,149	346,149	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	21	53,067	-	53,067	58,121
Doing Church Differently grants	1	-	(675)	(675)	-
Ordinands in training	3	8,209	-	8,209	39,178
Clergy for training	19	4,148	-	4,148	1,921
Mission initiatives in parishes	16	-	57,219	57,219	98,635
	<u>60</u>	<u>65,424</u>	<u>56,544</u>	<u>121,968</u>	<u>197,855</u>
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	212
Overseas mission work	3	-	18,000	18,000	9,000
	<u>3</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>	<u>9,212</u>
	<u>68</u>	<u>65,424</u>	<u>420,693</u>	<u>486,117</u>	<u>558,741</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 2020

	Number	Individuals £	Institutions £	2020 £	2019 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	351,674	351,674	351,674
From unrestricted funds:					
Resettlement and first incumbency grants	23	58,121	-	58,121	81,659
Doing Church Differently grants	-	-	-	-	-
Ordinands in training	6	39,178	-	39,178	79,673
Clergy for training	6	1,921	-	1,921	5,280
Mission initiatives in parishes	13	-	98,635	98,635	86,959
	48	99,220	98,635	197,855	253,571
From restricted funds for various purposes:					
Mission initiatives in parishes	1	-	212	212	18,771
Churches Together organisations	-	-	-	-	4,198
Education	-	-	-	-	21,856
Overseas mission work	2	-	9,000	9,000	-
	3	-	9,212	9,212	44,825
	56	99,220	459,521	558,741	650,070

13. Transfer between funds

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

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	838,296	(838,296)	-
Payments to acquire property	-	(66,238)	66,238
Receipts from sale of property	-	1,010,368	(1,010,368)
Total Return spend	316,719	-	(316,719)
	1,864,880	105,834	(1,970,714)

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

Notes to the financial statements

14. Other gains and losses on revaluation

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

Comparative analysis for 2020

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Revaluation of land and buildings	1,088,918	-	3,697,514	4,786,432

15. Net movement in funds

	2021 £	2020 £
This is stated after charging:		
Staff costs (note 16)	1,491,005	1,445,398
Redundancy costs	2,903	-
Auditors' remuneration - audit fee	16,390	14,560
- other services	-	675
Realised losses on disposals of tangible fixed assets	-	11,307
Operating leases - land and buildings	53,200	53,200
- other	5,558	7,071
Depreciation of tangible fixed assets	9,743	9,409
Interest payable (note 17)	-	366
	2021	2020
	£	£
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	1,437	298,014
Realised gains on disposals of investment fixed assets	1,616,903	50,000

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

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,243,340	1,208,940
Social security costs	113,717	107,040
Pension contributions	141,641	129,418
	<u>1,491,005</u>	<u>1,445,398</u>

The average number of persons employed during the year:

	2021	2020
Administration and financial management	14	14
Communications	1	2
Discipleship & Ministry, Stewardship	16	13
Safeguarding & inclusion	4	3
Education	2	2
Transforming Mission	11	14
	<u>48</u>	<u>48</u>

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

	2021	2020
Administration and financial management	12.2	11.4
Communications	1.1	1.3
Discipleship & Ministry, Stewardship	10.5	9.2
Safeguarding & inclusion	2.7	2.5
Education	2.4	2.1
Transforming Mission	8.8	9.2
	<u>37.7</u>	<u>35.7</u>

Remuneration of higher paid employees were as follows:

	2021 £	2020 £
£60,001 - £70,000	2	2
	<u>2</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 2021 they were:

Diocesan Secretary and Company Secretary	Simon Cade
Director for Ministry	Jonathan Rowe
Director of Education and Discipleship	Katie Fitzsimmons
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £300,086 (2020: £322,115). Expenses were £985 (2020: £1,738).

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

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The wife of a member of BDC is an employee of the charity. The total remuneration for the year was £37,119 (2020: £37,130).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 7 Trustees (2020: 3) received travelling and out of pocket expenses, totalling £6,362 (2020: £6,059) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

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

The Company is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The Company is also responsible for the provision of housing for stipendiary clergy in the diocese including the suffragan bishop but excluding the diocesan bishop and cathedral staff.

The Company paid an average of 77 (2020: 78) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2021 £	2020 £
Stipends	2,117,273	2,126,367
National insurance contributions	170,443	173,909
Pension costs	673,222	559,586
Apprenticeship Levy	9,694	9,796
	<u>2,970,633</u>	<u>2,869,658</u>

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £38,265 - £49,198 (2020 range £38,265 - £49,198). The annual rate of stipend, funded by the Company, paid to Archdeacons in 2020 was in the range £35,909 - £42,333 (2020 range £35,909 - £42,333) and other clergy who were Trustees were paid in the range £26,793 - £30,179 (2020 range £26,793 - £30,179).

17. Interest payable and similar charges

	2021 £	2020 £
Late payment	-	366
	<u>-</u>	<u>366</u>

18. Taxation

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

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

Notes to the financial statements

19. Tangible fixed assets

19.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2021	11,236,768	39,562,466	50,799,234
Additions	-	102,577	102,577
Disposals	-	-	-
Revaluation adjustment	1,673,000	5,631,980	7,304,980
Transfer	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	12,909,768	45,297,023	58,206,791
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses which are vested in the incumbent. Land and buildings at 31 December 2021 are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2021	9,414,984	13,161,488	22,576,472
Additions	-	102,577	102,577
Disposals	-	-	-
Transfer	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2021	9,414,984	13,264,065	22,679,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2021	28,218
Additions	-
	<hr/>
At 31 December 2021	28,218
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 January 2021	23,500
Charge for year	1,336
	<hr/>
At 31 December 2021	24,836
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2021	3,382
	<hr/> <hr/>
At 31 December 2020	4,718
	<hr/> <hr/>

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

Notes to the financial statements

19. Tangible fixed assets (continued)

19.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2021	95,974
Additions	2,083
Disposals	-
	<hr/>
At 31 December 2021	98,057
	<hr/> <hr/>
<i>Depreciation</i>	
At 1 January 2021	72,602
Disposals	-
Charge for year	8,407
	<hr/>
At 31 December 2021	81,009
	<hr/> <hr/>
<i>Net book value</i>	
At 31 December 2021	17,048
	<hr/> <hr/>
At 31 December 2020	23,272

19.4 Total tangible fixed assets

	2021 £	2020 £
<i>Net book value</i>		
Freehold land and buildings	58,206,791	50,799,234
Leasehold premises	3,382	4,718
Office equipment	17,048	23,372
	<hr/>	<hr/>
	58,227,221	50,827,324
	<hr/> <hr/>	<hr/> <hr/>

20. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2021	16,610,000	1,000,508	27,753,709	45,364,217
Additions	89,134	10,760,358	1,000,000	11,849,492
Disposals	(392,500)	-	(10,525,367)	(10,917,867)
Revaluation adjustment	1,138,366	337,617	2,747,814	4,223,797
Transfer	-	-	-	
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	17,445,000	12,098,483	20,976,156	50,519,639
	<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 Company in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the directors accordingly.

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

Notes to the financial statements

20. Fixed asset investments (continued)

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

21. Debtors

	2021 £	2020 £
<i>Amounts falling due within one year</i>		
Trade debtors	-	88,478
Concessionary loans to parishes and others	48,000	65,157
Other debtors including prepayments and accrued income	736,131	520,392
	<hr/>	<hr/>
	784,131	674,027
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	73,000	155,500
	<hr/>	<hr/>
	857,131	829,527
	<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 (2020: £75,000). The repayment terms of the loans range from 6 months to 7 years.

22. Cash at bank and in hand

	2021 £	2020 £
The CBF Church of England Deposit Fund	4,851,027	5,165,340
COIF Charities Deposit Fund	327,583	306,645
Barclays Bank PLC	25,592	21,872
National Westminster Bank PLC	858,027	945,299
Savills Client Account	135,663	120,742
Cash in hand	639	749
	<hr/>	<hr/>
	6,198,531	6,560,647
Less: attributable to local trust funds	(824,959)	(854,305)
	<hr/>	<hr/>
	5,373,572	5,706,342
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

23. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	246,033	208,628
Other creditors (including taxation and social security)	34,142	26,703
Accruals and deferred income (note 24)	661,982	660,509
Pension scheme liabilities (note 29)		
Clergy Pension Scheme	142,000	142,000
Lay Defined Benefit Scheme	38,000	38,000
	<u>1,122,157</u>	<u>1,075,840</u>

24. Deferred income

	2021 £	2020 £
Deferred income is included within: Creditors due within one year	412,272	545,285
Deferred income at 1 January 2021	545,285	270,239
Released from previous years Resources deferred in the year	(231,117) 98,104	(77,310) 352,356
Deferred income as at 31 December 2021	<u>412,272</u>	<u>545,285</u>

Included within deferred income of £412,272 (2020: £545,285) are the following balances: £55,972 (2020: £48,591) in respect of glebe deferred income, £82,066 (2020: £65,637) in respect of glebe service charges, £156,579 (2020: £156,579) received in advance of entitlement and £90,939 (2020: £244,056) received on behalf of schools.

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

Notes to the financial statements

25. Funds employed

25.1 Summary of fund movements

At 31 December 2021:

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

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

Notes to the financial statements

25. Funds employed (continued)

25.2 Prior year comparative summary of fund movements

At 31 December 2020:

Company	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	3,432,531	4,824,364	(6,145,951)	(221,076)	339,903	2,229,771
<i>Designated funds:</i>						
Board Houses Fund	10,510,268	-	(11,307)	1,088,918	(351,111)	11,236,768
Church House Fund	565,231	-	(43,200)	-	-	522,031
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	-	-	(149,693)	-	400,711	251,018
Transforming Mission – Phase 2	-	-	(89,947)	-	688,433	598,486
Mission grants	-	-	(77,079)	-	77,079	-
	<u>14,509,530</u>	<u>4,824,364</u>	<u>(6,517,177)</u>	<u>867,842</u>	<u>1,155,015</u>	<u>14,839,574</u>
Restricted funds						
Pastoral Account	10,576,926	303,807	(31,639)	568,683	105,834	11,523,611
Diocesan Council for Mission & Unity	71,832	4,586	(9,047)	-	-	67,371
Education Trusts	987,635	102,124	(119,451)	68,709	-	1,039,017
Mission Fund	27,184	-	(212)	-	-	26,972
RME	(2,188)	129,013	(112,572)	-	-	14,253
Strategic Development Fund - TMF	34,357	187,696	(200,954)	-	-	21,099
Strategic Development Fund – Phase 2	-	135,645	(134,920)	-	-	725
Strategic Capacity Fund – Governance Review	-	13,097	(13,097)	-	-	-
Strategic Ministry Fund	-	39,206	(39,206)	-	-	-
Coronavirus Job Retention Grant	-	19,634	(19,634)	-	-	-
Lambeth Conference	-	900	-	-	-	900
Past Case Review 2	-	30,000	(30,000)	-	-	-
Bishop Phillpotts Library	18,176	-	(3,888)	-	-	14,288
Bishop Phillpotts Prize Fund	6,483	-	-	51	-	6,534
	<u>11,720,405</u>	<u>965,708</u>	<u>(714,620)</u>	<u>637,443</u>	<u>105,834</u>	<u>12,714,770</u>
Expendable endowment						
Parsonage Houses Fund	37,022,377	298,014	-	3,697,514	(1,455,439)	39,562,466
Permanent endowment						
Stipends Fund Capital Account	32,924,866	884,131	(182,266)	335,800	194,590	34,157,121
	<u>69,947,243</u>	<u>1,182,145</u>	<u>(182,266)</u>	<u>4,033,314</u>	<u>(1,260,849)</u>	<u>73,719,587</u>
Total endowments						
Total	<u>96,177,178</u>	<u>6,972,217</u>	<u>(7,414,063)</u>	<u>5,538,599</u>	<u>-</u>	<u>101,273,931</u>

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

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds

Unrestricted funds

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

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

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

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

The Densham Loan Fund originated from a bequest given to the Company in 1955 in memory of the late Mr ES Densham for the provision of loans to the clergy for the purchase of cars. The responsibility for car loans was assumed by the Church Commissioners in 1988 but the fund is still reserved for this purpose and has been used in the past to assist a non-stipendiary minister.

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

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011. £6.9m is ringfenced pending pastoral reorganisations.

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

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

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

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

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

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

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

The Strategic Capacity Fund – Governance Review is grant funding received from the Archbishops Council to review the governance of the Company.

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

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

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

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds (continued)

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

Past Case Review 2 (PCR2) grant is funding received from the Archbishops Council to assist with financing the costs associated with the PCR2 review.

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

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

Endowment funds

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

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

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2020	8,614,229	24,788,512	33,402,741
Movements in the year:			
Investment return: dividends and interest	-	884,131	884,131
Investment return: unrealised gains	-	335,800	335,800
Investment return: fund raising costs	-	(174,266)	(174,266)
Funding of clergy pension deficit contributions	-	(197,841)	(197,841)
Transfer from Stipends Fund Capital Account to designated fund	-	(316,719)	(316,719)
Indexation on base value of investment	55,576	(55,576)	-
Transfer from parsonage to Stipends Fund Capital Account	-	511,309	511,309
Net movements in 2020	55,576	986,838	1,042,414
At 1 January 2021	<u>8,669,805</u>	<u>25,775,350</u>	<u>34,445,155</u>
Movements in the year:			
Investment return: dividends and interest	-	866,661	866,661
Investment return: unrealised gains	-	4,136,327	4,136,327
Investment return: fund raising costs	-	(168,148)	(168,148)
Funding of clergy pension deficit contributions	-	(144,469)	(144,469)
Transfer from Stipends Fund Capital Account to designated fund	-	(21,443)	(21,443)
Indexation on base value of investment	468,423	(468,423)	-
Net movements in 2021	468,423	4,200,505	4,668,928
At 31 December 2021			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	3,374,237	-	3,374,237
Unapplied total return	-	29,975,855	29,975,855
	<u>9,138,228</u>	<u>29,975,855</u>	<u>39,114,083</u>

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

Notes to the financial statements

25. Funds employed (continued)

25.4 Analysis of net assets between funds

At 31 December 2021:

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

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

Notes to the financial statements

25. Funds employed (continued)

25.5 Prior year comparative summary of fund movements

At 31 December 2020:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	28,090	746,388	1,686,898	(231,605)	2,229,771
<i>Designated funds:</i>					
Board Houses Fund	11,236,768	-	-	-	11,236,768
Church House Fund	-	-	522,031	-	522,031
Intern Programme	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission - Falmouth	-	-	251,018	-	251,018
Transforming Mission – Phase 2	-	-	598,486	-	598,486
Mission grants	-	-	-	-	-
	<u>11,264,858</u>	<u>746,388</u>	<u>3,059,933</u>	<u>(231,605)</u>	<u>14,839,574</u>
Restricted funds					
Pastoral Account	-	9,230,630	2,292,981	-	11,523,611
Diocesan Council for Mission & Unity	-	-	67,371	-	67,371
Education Trusts	-	941,203	97,814	-	1,039,017
Mission Fund	-	-	26,972	-	26,972
RME	-	-	14,253	-	14,253
Transition Funding	-	-	-	-	-
CEMES Grant	-	-	-	-	-
Strategic Development Fund - Falmouth	-	-	21,099	-	21,099
Strategic Development Fund – Phase 2	-	-	725	-	725
Strategic Capacity Fund – Governance Review	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-	-
Lambeth Conference	-	-	900	-	900
Past Case Review 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	14,288	-	14,288
Bishop Phillpotts' Prize Fund	-	841	5,693	-	6,534
	<u>-</u>	<u>10,172,674</u>	<u>2,542,096</u>	<u>-</u>	<u>12,714,770</u>
Expendable endowment					
Parsonage Houses Fund	39,562,466	-	-	-	39,562,466
Permanent endowment					
Stipends Fund Capital Account	-	34,445,155	(142,000)	(146,034)	34,157,121
	<u>39,562,466</u>	<u>34,445,155</u>	<u>(142,000)</u>	<u>(146,034)</u>	<u>73,719,587</u>
Total	<u>50,827,324</u>	<u>45,364,217</u>	<u>5,460,029</u>	<u>(377,639)</u>	<u>101,273,931</u>

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

Notes to the financial statements

26. Revaluation reserve

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

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	1,821,784	-	5,631,980	-	7,453,764
Parsonage Houses Fund	26,400,978	-	1,673,000	-	28,073,978
	<u>28,222,762</u>	<u>-</u>	<u>7,304,980</u>	<u>-</u>	<u>35,527,742</u>
Comparative analysis for 2020					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	678,201	-	1,088,918	54,665	1,821,784
Parsonage Houses Fund	23,572,429	(502,051)	3,697,514	(366,914)	26,400,978
	<u>24,250,630</u>	<u>(502,051)</u>	<u>4,786,432</u>	<u>(312,249)</u>	<u>28,222,762</u>

27. Capital commitments

	2021 £	2020 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	56,904	62,058
Repairs to properties	121,427	19,051
	<u>178,331</u>	<u>81,109</u>

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

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

Notes to the financial statements

28. Operating leases

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

	2021 £	2020 £
Land and buildings		
Within one year of the balance sheet date	52,467	53,200
In the second to fifth years inclusive of the balance sheet date	78,000	130,467
Beyond 5 years of the Balance Sheet date		
	<u>130,467</u>	<u>183,667</u>
Other operating leases		
Within one year of the balance sheet date	4,555	5,558
In the second to fifth years inclusive of the balance sheet date	-	4,555
	<u>4,555</u>	<u>10,113</u>

29. Pensions

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £673,222, 2020: £559,586), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £673,222 for 2021 (2020: £567,586).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2% per annum;
- Retail Price Index inflation of 3.4% per annum (and pension increases consistent with this);
- increase in pensionable stipends of 3.4% per annum; and
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% per annum.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

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

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the Balance Sheet liability over 2020 and over 2021 is set out in the table below:

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

Notes to the financial statements

29. Pensions (continued)

	2021 £	2020 £
Balance sheet liability at 1 January	288,034	517,679
Deficit contribution paid	(144,469)	(237,645)
Interest cost (recognised in SoFA)	-	4,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	4,000
	<hr/>	<hr/>
Balance Sheet liability at 31 December	143,565	288,034
	<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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0% p.a.	0.2% p.a.	1.1% p.a.
Price inflation	n/a.	3.1% p.a.	2.8% p.a.
Increase to total pensionable payroll	-1.5% p.a.	1.6% p.a.	1.3% p.a.

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

Lay

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

Defined Benefit Scheme (DBS)

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2021: £22,059, 2020: £34,796), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total credit of £65,941 for 2021 (2020: charge of £48,796).

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

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

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

Notes to the financial statements

29. Pensions (continued)

The next valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 45.2% of pensionable salary and expenses of £6,700 per year. In addition, deficit payments of £38,046 per year have been agreed for 4.67 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2021 £	2020 £
Balance sheet liability at 1 January	269,605	293,651
Deficit contribution paid	(38,046)	(38,046)
Interest cost (recognised in SoFA)	1,000	4,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	(89,000)	10,000
	<hr/>	<hr/>
Balance Sheet liability at 31 December	143,559	269,605
	<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 2021	December 2020	December 2019
Discount rate	1.40%	0.50%	1.40%

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

Pension Builder Scheme (PBS)

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2021: £119,582, 2020: £94,622).

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

For the Pensions Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements to the funding position over 2021. There is no requirement for deficit payments at the current time.

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

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

Notes to the financial statements

29. Pensions (continued)

Balance Sheet reconciliation	2021 £	2020 £
Clergy pension liability at 31 December	143,565	288,034
Lay pension liability at 31 December	143,559	269,605
	<hr/>	<hr/>
Total pension liability at 31 December	287,124	557,639
Creditors: amounts falling due within one year	180,000	180,000
Creditors: amounts falling due after more than one year	107,124	377,639
	<hr/> <hr/>	<hr/> <hr/>

30. Transactions with directors

The directors derive no financial benefit for their services as directors other than the re-imbusement of their out-of-pocket expenses. In 2021, 7 directors were paid £6,362 (2019: 3 directors £6,059). However, of the directors listed on page 13, the Company also remunerated the Archdeacons, the Chairman of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

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

31. Funds held on behalf of others

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

	2021 £	2020 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	5,254,246	4,487,471
	<hr/>	<hr/>
	5,459,446	4,692,671
	<hr/> <hr/>	<hr/> <hr/>
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,212,033	2,076,259
	<hr/>	<hr/>
	2,218,233	2,082,459
	<hr/> <hr/>	<hr/> <hr/>

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

The Company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2021, the Company held £194,412 (2020: £193,169) in designated bank accounts separate from those of the Company.

32. Contingent liability

The Company has agreed, in principle, to act as guarantor for a commercial loan which in the event that the clauses of the loan agreement aren't met and the PCC cannot repay the funds the Company will be called upon to repay it.

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

Notes to the financial statements

33. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Income and endowments from:				
Donations:				
Parish contributions	3,016,213	-	-	3,016,213
Archbishops' Council	899,499	-	-	899,499
Other	121,888	606,328	-	728,216
Charitable activities – statutory fees etc	243,557	-	-	243,557
Other activities	20,746	303,807	-	324,553
Investments	522,461	55,573	884,131	1,462,165
Other	-	-	298,014	298,014
Total	4,824,364	965,708	1,182,145	6,972,217
Expenditure on:				
Raising funds	149,882	-	178,266	328,148
Charitable activities	6,355,988	714,620	4,000	7,074,608
Other resources expended	11,307	-	-	11,307
Total	6,517,177	714,620	182,266	7,414,063
Net incoming resources before realised gains	(1,692,813)	251,088	999,879	(441,846)
Net gains on investment assets	(221,076)	637,443	335,800	752,167
Net incoming resources before transfers	(1,913,889)	888,531	1,335,679	310,321
Transfer between funds	1,155,015	105,834	(1,260,849)	-
Net income for the year	(758,874)	994,365	74,830	310,321
Unrealised gains on revaluation	1,088,918	-	3,697,514	4,786,432
Net movement in funds	330,044	994,365	3,772,344	5,096,753
Fund balances at 1 January 2020	14,509,530	11,720,405	69,947,243	96,177,178
Fund balances at 31 December 2020	14,839,574	12,714,770	73,719,587	101,273,931












TDBF accounts 2021

Final Audit Report

2022-05-06

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By:	Kate Cortez (kate.cortez@truro.anglican.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAIZVNN_zzd2JJ12cLwpn1AMH2PnnIDZ5y

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