

Company Registration No. 00049825
Charity No. 248330

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

FINANCIAL STATEMENTS

31 December 2023

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

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

Trustees' Annual Report

For the year ended 31 December 2023

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

1 Peter 5.10

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

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

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

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

Ongoing commitment to, and resourcing of, strategic change

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

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

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

MMF income

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

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

Value of assets

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

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

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

Increased focus on support for parish ministry

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

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

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This work continues in 2024.

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

This combined report satisfies the legal requirements for:

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

Legal Objects

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

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

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

The TDBF has the following statutory responsibilities:

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

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

Vision, Aims and Objectives

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

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

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

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

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

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Activities and achievements during the year

Key strategic decisions taken by trustees in 2023 were:

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

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

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

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

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

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

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

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

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

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

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

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Activities and achievements during the year (continued)

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

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

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

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

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

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

Public benefit

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

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

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

Ordained, Licensed, and Commissioned Ministries

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

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

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

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

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

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Ordained, Licensed, and Commissioned Ministries (continued)

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

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

Work with schools

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

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

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

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

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

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

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

Volunteers

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

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Financial Review

Financial performance

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

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

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

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

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

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

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

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

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

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

Significant property transactions

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

The TDBF policy continues to be:

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

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

Balance Sheet position

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

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

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Reserves Policy

Free reserves

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

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

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

Designated funds

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

Restricted and endowment funds

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

Fundraising Activities

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

Investment policies

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

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

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Investment policies (continued)

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

There were no changes to the portfolio during the year.

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

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

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

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

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

Total Returns

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

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

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

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

Grant making policy

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

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

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

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For the year ended 31 December 2023

Principal risks and uncertainties

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

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

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

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

Structure and Governance

Summary Information about the Structure of the Church of England

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

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

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

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For the year ended 31 December 2023

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

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

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

The National Church Institutions

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

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

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

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

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

The Diocese of Truro

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

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

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

Archdeaconries, Deaneries, Benefices and Parishes

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

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

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

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

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

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For the year ended 31 December 2023

Deanery Synods

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

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

Diocesan Governance

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

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

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

Bishop's Diocesan Council

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

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

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

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

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

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

Trustees' Annual Report

For the year ended 31 December 2023

Bishop's Diocesan Council (continued)

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

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

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

The Bishop's Diocesan Council's responsibilities

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

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

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

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

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

Statement of disclosure to auditor

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

The Finance, Assets and Risk Committee

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

Trustee recruitment, selection, induction and training

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

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

Delegation of day to day delivery

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

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Trustees' Annual Report

For the year ended 31 December 2023

Remuneration of key management personnel

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

Funds held as Custodian Trustee

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

Funds held on behalf of schools

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

Related parties

General Synod, Church Commissioners and Archbishops' Council

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

Parochial Church Councils (PCCs)

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

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

The Cathedral

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

Connected charities

The trustees consider the following to be a connected charity:

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

Pensions

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

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

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

Appointment of solicitors

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

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

Trustees' Annual Report

For the year ended 31 December 2023

Appointment of auditors

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

Administrative Information

Trustees

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

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

Elected by the relevant Houses of Diocesan Synod

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

Elected by Houses and Archdeaconry

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

Bishop's Appointments

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

Trustees' Annual Report

For the year ended 31 December 2023

Administrative Information (continued)

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

Approval of this report

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

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

The Revd. Canon S Cade
Company Secretary

Mr M J Sturgess
Chairman of the Board

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

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

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

Use of our report

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

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

10 Queen Street Place
London
EC4R 1AG

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

Statement of Financial Activities

For the year ended 31 December 2023

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

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

Income and Expenditure Account,

For the year ended 31 December 2023

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

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

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

Balance Sheet at 31 December 2023

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

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

Mr M J Sturgess
Chairman of the Board

Company Registration No. 00049825

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

Cash Flow Statement

For the year ended 31 December 2023

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

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

Notes to the financial statements

1. Constitution

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

2. Principal accounting policies

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

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

Basis of preparation

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

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

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

Going Concern

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

The principal accounting policies and estimation techniques are as follows:

(a) Income

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

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

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

Interest and dividends are recognised as income when receivable.

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

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

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

(b) Expenditure

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

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

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

Notes to the financial statements

(b) Expenditure (continued)

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

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

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

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

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

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

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

(c) Tangible fixed assets and depreciation

Freehold properties

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

Investment properties

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

Parsonage houses

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

School properties

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

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

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

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

Closed churches

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

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

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

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

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

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

Cash and cash equivalents

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

Financial instruments

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

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

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

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

Concessionary loans

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

(e) Other accounting policies

Leasing

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

(f) Fund balances

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

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

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

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

Notes to the financial statements

(f) Fund balances (continued)

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

Details of the major funds are given in note 24.

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

(g) Critical accounting estimates and judgements

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

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

The key estimates and assumptions made in these accounts are:

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

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

Notes to the financial statements

3. Donations

Parish contributions

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

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

Archbishops' Council

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

Other donations

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

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

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2022

Parish contributions

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

Archbishops' Council

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

Other donations

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

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

Notes to the financial statements

4. Other activities

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

Comparative analysis for 2022

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

5. Investment income

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

Comparative analysis for 2022

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

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

Notes to the financial statements

6. Other incoming resources

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

Comparative analysis for 2022

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

7. Fund raising costs

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

Comparative analysis for 2022

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

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

Notes to the financial statements

8. Charitable activities

	Unrestricted funds £	Restricted funds £	Endowments £	2023 £
Contributions to Archbishops' Council				
Training for Ministry	157,529	-	-	157,529
National Church responsibilities	92,113	-	-	92,113
Grants and provisions	16,222	-	-	16,222
Mission Agency pension contributions	5,043	-	-	5,043
Retired clergy housing costs (CHARM)	62,399	-	-	62,399
	<hr/>	<hr/>	<hr/>	<hr/>
	333,306	-	-	333,306
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	1,874,952	121,629	-	1,996,581
Pension contributions	458,280	-	-	458,280
Clergy salary	38,984	-	-	38,984
Clergy settlements	63,900	-	-	63,900
Home/parish mileage	10,665	-	-	10,665
Sundry clergy related costs	36,398	-	-	36,398
Housing costs	1,776,987	263,165	-	2,040,152
Property management charges	153,294	-	-	153,294
Resettlement and associated costs	82,947	-	-	82,947
Other payments (including training)	298,336	-	-	298,336
Central support costs	219,546	-	-	219,546
	<hr/>	<hr/>	<hr/>	<hr/>
	5,014,289	384,794	-	5,399,083
Support for ministry and mission				
Mission Fund grants	434,464	-	-	434,464
Diocesan support for ordinands in training	101,392	65,411	-	166,803
Training and development	48,598	-	-	48,598
DMPC functions	145,481	-	-	145,481
Specialist ministries	39,578	20,767	-	60,345
Safeguarding	141,284	14,288	-	155,572
Social Responsibility	-	-	-	-
Diocesan Advisory Committee	36,918	-	-	36,918
Chancellor's and Registrar's retainers	49,443	-	-	49,443
Faculty fees	14,970	-	-	14,970
Communications	66,408	-	-	66,408
Closed church expenditure	-	31,938	-	31,938
General Synod members' expenses	6,208	-	-	6,208
Central support costs	500,304	-	-	500,304
Lay staff cost of living payments	1,765	-	-	1,765
Movement in lay pension scheme deficit	-	-	-	-
Generous Giving Advisors	-	45,800	-	45,800
Next Steps On the Way	254,991	125,901	-	380,892
Bad debt provision	(20,000)	-	-	(20,000)
Transforming Mission (TM) – Falmouth	(20,331)	170,243	-	149,912
Transforming Mission (TM) – Phase 2	145,901	218,851	-	364,752
	<hr/>	<hr/>	<hr/>	<hr/>
	1,947,374	693,199	-	2,640,573
Expenditure on Education				
Support for church schools and parishes	57,208	377,887	-	435,095
	<hr/>	<hr/>	<hr/>	<hr/>
	7,352,177	1,455,880	-	8,808,057
	<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 2022

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

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

Notes to the financial statements

9. Other resources expended

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

Comparative analysis for 2022

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

10. Analysis of expenditure including allocation of support costs

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

Comparative analysis for 2022

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

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

Notes to the financial statements

11. Analysis of support costs

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

Comparative analysis for 2022

	Unrestricted Funds		Restricted Funds	Endowment Funds	Total 2022
	General	Designated			
	£	£	£	£	£
Central administration	706,431	-	-	-	706,431
Governance:					
External audit	19,320	-	-	-	19,320
Registrar and Chancellor	50,403	-	-	-	50,403
Synodical costs	5,877	-	-	-	5,877
	<u>782,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,031</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	2023	2022
		£	£	£	£
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	333,306	333,306	333,306
From unrestricted funds:					
Resettlement and first incumbency grants	16	42,610	-	42,610	45,886
Doing Church Differently grants	-	-	-	-	7,562
Ordinands in training	3	22,298	-	22,298	19,438
Clergy for training	14	4,607	-	4,607	5,069
Mission initiatives in parishes	102	-	633,534	633,534	203,874
Clergy hardship grants	7	5,700	-	5,700	6,650
	<u>142</u>	<u>75,215</u>	<u>633,534</u>	<u>708,749</u>	<u>288,479</u>
From restricted funds for various purposes:					
Mission initiatives in parishes	-	-	-	-	295,973
Overseas mission work	2	-	10,000	10,000	18,000
Clergy hardship grants	-	-	-	-	34,150
	<u>2</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>348,123</u>
	<u>149</u>	<u>75,215</u>	<u>976,840</u>	<u>1,052,055</u>	<u>969,908</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 2022

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

13. Transfer between funds

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

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

Notes to the financial statements

14. Other gains and losses on revaluation

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

Comparative analysis for 2022

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

15. Net movement in funds

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

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

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

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

The average number of persons employed during the year:

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

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

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

Remuneration of higher paid employees were as follows:

	2023 £	2022 £
£60,001 - £70,000	1	1
	<hr/>	<hr/>

Remuneration of key management personnel

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

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

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

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

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

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

Trustees' emoluments

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

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

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

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

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

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

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

17. Taxation

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

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

Notes to the financial statements

18. Tangible fixed assets

18.1 Freehold land and buildings

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

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

The corresponding historical cost figures are:

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

	£
<i>At cost</i>	
At 1 January 2023	28,218
Additions	11,391
	<hr/>
At 31 December 2023	39,609
	<hr/>
<i>Depreciation</i>	
At 1 January 2023	26,172
Charge for year	3,614
	<hr/>
At 31 December 2023	29,786
	<hr/>
<i>Net book value</i>	
At 31 December 2023	9,823
	<hr/>
At 31 December 2022	2,046
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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Notes to the financial statements

18. Tangible fixed assets (continued)

18.3 Office equipment

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

18.4 Total tangible fixed assets

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

19. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2023	18,945,000	10,909,384	18,328,666	48,183,050
Additions	42,523	-	-	42,523
Disposals	(515,874)	-	-	(515,874)
Revaluation adjustment	1,918,351	175,717	2,131,956	4,226,024
Transfer	-			
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	20,390,000	11,085,101	20,460,622	51,935,723
	<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 TDBF in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the trustees accordingly.

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

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

Notes to the financial statements

20. Debtors

	2023 £	2022 £
<i>Amounts falling due within one year</i>		
Trade debtors	26,018	7,391
Concessionary loans to parishes and others	113,500	40,000
Other debtors including prepayments and accrued income	479,957	937,031
	<hr/>	<hr/>
	619,475	984,422
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	40,000	41,500
	<hr/>	<hr/>
	659,475	1,025,922
	<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 £110,000 (2022: £10,000). The repayment terms of the loans range from 6 months to 5 years.

21. Cash at bank and in hand

	2023 £	2022 £
The CBF Church of England Deposit Fund	5,902,282	4,033,568
COIF Charities Deposit Fund	361,197	338,630
Barclays Bank PLC	31,039	28,939
National Westminster Bank PLC	1,528,025	707,333
Savills Client Account	284,816	55,507
Cash in hand	25	571
	<hr/>	<hr/>
	8,107,384	5,164,548
Less: attributable to local trust funds	(826,359)	(81,245)
	<hr/>	<hr/>
	7,281,025	4,348,303
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the financial statements

22. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	572,030	295,830
Other creditors (including taxation and social security)	67,936	115,020
Accruals and deferred income (note 23)	414,398	503,591
	<u>1,054,364</u>	<u>914,441</u>

23. Deferred income

	2023 £	2022 £
Deferred income is included within: Creditors due within one year	206,460	253,281
Deferred income as at 1 January 2023	253,281	412,272
Released from previous years	(170,203)	(410,355)
Resources deferred in the year	123,382	251,364
Deferred income as at 31 December 2023	<u>206,460</u>	<u>253,281</u>

Included within deferred income of £206,460 (2022: £253,281) are the following balances: £62,392 (2022: £56,393) in respect of glebe deferred income, £89,000 (2022: £82,065) in respect of glebe service charges, £0 (2022: £47,937) received in advance of entitlement and £23,143 (2022: £40,934) received on behalf of schools.

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

Notes to the financial statements

24. Funds employed

24.1 Summary of fund movements

At 31 December 2023:

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

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

Notes to the financial statements

24. Funds employed (continued)

24.2 Prior year comparative summary of fund movements

At 31 December 2022:

	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,924,347	4,903,557	(6,244,448)	(91,724)	1,052,512	1,544,244
<i>Designated funds:</i>						
Board Houses Fund	12,909,768	-	36,379	1,180,654	80,849	14,207,650
Church House Fund	478,831	-	(43,200)	-	-	435,631
Densham Loan Fund	1,500	-	-	-	(1,500)	-
TM – Falmouth	169,170	-	(81,896)	-	-	87,274
TM – Phase 2	426,417	-	(150,528)	-	-	275,889
Net Zero 2030	-	-	(24,782)	-	374,782	350,000
Energy grants	-	-	(139,693)	-	229,693	90,000
Clergy hardship fund	-	-	(6,650)	-	6,650	-
Lay staff cost of living payments	-	-	(36,854)	-	36,854	-
Mission grants	-	-	(24,722)	-	152,699	127,977
Clergy Settlements	-	-	-	-	-	-
Next Steps on the Way	-	-	-	-	-	-
	<u>15,910,033</u>	<u>4,903,557</u>	<u>(6,716,394)</u>	<u>1,088,930</u>	<u>1,932,539</u>	<u>17,118,665</u>
Restricted funds						
Pastoral Account	12,296,706	203,905	(37,563)	(1,370,914)	(1,182,408)	9,909,726
Diocesan Council for Mission & Unity	53,967	3,709	(18,065)	-	-	39,611
Education Trusts	1,122,400	117,034	(258,963)	(118,337)	-	862,134
Mission Fund	26,972	-	(26,972)	-	-	-
RMF (formerly RME)	27,723	87,703	(92,315)	-	-	23,111
SDF- TM Falmouth	23,574	152,001	(152,391)	-	-	23,184
SDF – Phase 2	(177)	225,499	(225,792)	-	-	(470)
SCF– On the Way	-	32,340	(32,340)	-	-	-
Strategic Ministry Fund	-	117,494	(117,494)	-	-	-
Generous Giving Fund	-	46,933	(46,933)	-	-	-
Transition Funding	-	33,108	(33,108)	-	-	-
SCF–Dir Change & Renewal	-	14,870	(14,870)	-	-	-
Energy Cost Grant	-	269,000	(269,000)	-	-	-
Clergy Hardship Fund	-	34,150	(34,150)	-	-	-
Archbishop mission grant	-	10,000	(3,111)	-	-	6,889
Bishop Phillpotts Library	12,992	-	(691)	-	-	12,301
Bishop Phillpotts Prize Fund	6,551	-	-	(97)	-	6,454
NZ Carbon Capacity Building Starter grant	-	-	-	-	-	-
Boiler Upgrade Scheme	-	-	-	-	-	-
Past Case Review 2 (PCR2)	-	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-	-
	<u>13,570,708</u>	<u>1,347,746</u>	<u>(1,363,758)</u>	<u>(1,489,348)</u>	<u>(1,182,408)</u>	<u>10,882,940</u>
Expendable endowment						
Parsonage Houses Fund	45,297,023	43,392	-	3,283,511	50,547	48,674,473
Permanent endowment						
Stipends Fund Capital Account	38,970,518	966,260	(104,337)	(172,004)	(800,678)	38,859,759
	<u>84,267,541</u>	<u>1,009,652</u>	<u>(104,337)</u>	<u>3,111,507</u>	<u>(750,131)</u>	<u>87,534,232</u>
Total endowments						
Total	<u>113,748,282</u>	<u>7,260,955</u>	<u>(8,184,489)</u>	<u>2,711,089</u>	<u>-</u>	<u>115,535,837</u>

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

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds

Unrestricted funds

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

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

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

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

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

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

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

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

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

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

The mission grants fund is for mission initiatives included in the deanery plans.

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

Restricted funds

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

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

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

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

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

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

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

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

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

Restricted funds (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Endowment funds

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

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

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

Notes to the financial statements

24. Funds employed (continued)

24.3 Purposes of funds (continued)

Endowment funds (continued)

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2022	9,138,228	29,975,855	39,114,083
Movements in the year:			
Investment return: dividends and interest	-	966,260	966,260
Investment return: unrealised gains / (losses)	-	(172,004)	(172,004)
Investment return: fund raising costs	-	(165,582)	(165,582)
Funding of clergy pension deficit contributions	-	(82,320)	(82,320)
Transfer from Stipends Fund Capital Account to designated fund	-	(800,678)	(800,678)
Indexation on base value of investment	960,665	(960,665)	-
Net movements in 2022	960,665	(1,214,989)	(254,324)
At 1 January 2023	10,098,893	28,760,866	38,859,759
Movements in the year:			
Investment return: dividends and interest	-	970,386	970,386
Investment return: unrealised gains / (losses)	-	3,203,908	3,203,908
Investment return: fund raising costs	-	(171,191)	(171,191)
Funding of clergy pension deficit contributions	-	-	-
Transfer from Stipends Fund Capital Account to designated fund	-	(799,195)	(799,195)
Indexation on base value of investment	396,969	(396,969)	-
Net movements in 2023	396,969	2,806,939	3,203,908
At 31 December 2023			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	4,731,871	-	4,731,871
Unapplied total return	-	31,567,805	31,567,805
	10,495,862	31,567,805	42,063,667

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

Notes to the financial statements

24. Funds employed (continued)

24.4 Analysis of net assets between funds

At 31 December 2023:

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

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

Notes to the financial statements

24. Funds employed (continued)

24.5 Prior year comparative summary of fund movements

At 31 December 2022:

	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	10,860	793,112	740,272	-	1,544,244
<i>Designated funds:</i>					
Board Houses Fund	14,207,650	-	-	-	14,207,650
Church House Fund	-	-	435,631	-	435,631
Densham Loan Fund	-	-	-	-	-
TM - Falmouth	-	-	87,274	-	87,274
TM – Phase 2	-	-	275,889	-	275,889
Net Zero 2030	-	-	350,000	-	350,000
Energy grants	-	-	90,000	-	90,000
Clergy hardship fund	-	-	-	-	-
Lay staff cost of living payments	-	-	-	-	-
Mission grants	-	-	127,977	-	127,977
Next Steps on the Way	-	-	-	-	-
	<u>14,218,510</u>	<u>793,112</u>	<u>2,107,043</u>	<u>-</u>	<u>17,118,665</u>
Restricted funds					
Pastoral Account	-	9,209,823	699,903	-	9,909,726
Diocesan Council for Mission & Unity	-	-	39,611	-	39,611
Education Trusts	-	951,107	(88,973)	-	862,134
Mission Fund	-	-	-	-	-
RMF (formerly RME)	-	-	23,111	-	23,111
Strategic Development Fund – TMF	-	-	23,184	-	23,184
Strategic Development Fund – Phase 2	-	-	(470)	-	(470)
Strategic Capacity Fund – On the Way	-	-	-	-	-
Strategic Ministry Fund	-	-	-	-	-
Generous Giving Fund	-	-	-	-	-
Transition Funding	-	-	-	-	-
SCF–Dir Change & Renewal	-	-	-	-	-
Energy Cost Grant	-	-	-	-	-
Clergy Hardship Fund	-	-	-	-	-
Archbishop mission grant	-	-	6,889	-	6,889
Bishop Phillpotts Library	-	-	12,301	-	12,301
Bishop Phillpotts' Prize Fund	-	851	5,603	-	6,454
NZ Carbon Capacity Building Starter grant	-	-	-	-	-
Boiler Upgrade Scheme	-	-	-	-	-
PCR2	-	-	-	-	-
Diocesan Investment Programme (DIP) grant	-	-	-	-	-
	<u>-</u>	<u>10,161,781</u>	<u>721,159</u>	<u>-</u>	<u>10,882,940</u>
Expendable endowment					
Parsonage Houses Fund	48,674,473	-	-	-	48,674,473
Permanent endowment					
Stipends Fund Capital Account	-	37,228,157	1,631,602	-	38,859,759
	<u>48,674,473</u>	<u>37,228,157</u>	<u>1,631,602</u>	<u>-</u>	<u>87,534,232</u>
Total endowments					
	<u>48,674,473</u>	<u>37,228,157</u>	<u>1,631,602</u>	<u>-</u>	<u>87,534,232</u>
Total	<u>62,892,983</u>	<u>48,183,050</u>	<u>4,459,804</u>	<u>-</u>	<u>115,535,837</u>

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

Notes to the financial statements

25. Revaluation reserve

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

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	4,591,508	984,625	(193,397)	(645,735)	4,737,001
Parsonage Houses Fund	35,316,469	(984,625)	2,345,552	(2,008,181)	34,669,215
	<u>39,907,977</u>	<u>-</u>	<u>2,152,155</u>	<u>(2,653,916)</u>	<u>39,406,216</u>
Comparative analysis for 2022					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	3,494,784	-	1,180,654	(83,930)	4,591,508
Parsonage Houses Fund	32,032,958	-	3,283,511	-	35,316,469
	<u>35,527,742</u>	<u>-</u>	<u>4,464,165</u>	<u>(83,930)</u>	<u>39,907,977</u>

26. Capital commitments

	2023 £	2022 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	46,188	51,584
Repairs to properties	45,809	138,396
	<u>91,997</u>	<u>189,980</u>

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

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

Notes to the financial statements

27. Operating leases

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

	2023 £	2022 £
Land and buildings		
Within one year of the balance sheet date	64,280	51,400
In the second to fifth years inclusive of the balance sheet date	109,937	33,600
Beyond 5 years of the Balance Sheet date	-	-
	<u>174,217</u>	<u>85,000</u>
Other operating leases		
Within one year of the balance sheet date	885	885
In the second to fifth years inclusive of the balance sheet date	221	885
	<u>1,016</u>	<u>1,770</u>

The large increase in land and buildings commitments is due to the signing of a new lease. The team based at Church House will move to the Old Cathedral School as the lease at Church House runs out in August 2024.

28. Pensions

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £482,435 in 2023 (2022: £635,136), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022 £82,320).

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

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

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

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

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

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

Notes to the financial statements

28. Pensions (continued)

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

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

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

	2023 £	2022 £
Balance sheet liability at 1 January	-	143,565
Deficit contribution paid	-	(82,320)
Interest cost (recognised in SoFA)	-	-
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	(61,245)
	<hr/>	<hr/>
Balance Sheet liability at 31 December	<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 balance sheet date and has been valued using the following assumptions. No assumptions are needed for December 2023 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2023 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2023	December 2022	December 2021
Discount rate	n/a.	n/a.	0.0% p.a.
Price inflation	n/a.	n/a.	n/a.
Increase to total pensionable payroll	n/a.	n/a.	-1.5% p.a.

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

Lay

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

Defined Benefits Scheme (DBS)

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2023: £26,166, 2022: £23,319), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £26,166 for 2023 (2022: credit of £82,183).

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

Notes to the financial statements

28. Pensions (continued)

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

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

The next valuation is due as at 31 December 2022. The calculations for this are underway.

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

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation as a liability within the Employer's financial statements as at 31 December 2023. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2023 £	2022 £
Balance sheet liability at 1 January	-	143,559
Deficit contribution paid	-	(38,057)
Interest cost (recognised in SoFA)	-	2,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	-	(107,502)
	<hr/>	<hr/>
Balance Sheet liability at 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

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

	December 2023	December 2022	December 2021
Discount rate	N/A	0.00%	1.40%

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

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

Pension Builder Scheme (PBS)

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

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

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

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

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

Notes to the financial statements

28. Pensions (continued)

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2023: £145,492, 2022: £113,596).

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

For the Pensions Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

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

29. Transactions with Trustees

The trustees derive no financial benefit for their services as trustees other than the re-imbusement of their out-of-pocket expenses. In 2023, 7 trustees were paid £16,153 (2022: 6 trustees £12,744).

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

30. Funds held on behalf of others

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

	2023 £	2022 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	5,409,794	4,935,351
	<hr/>	<hr/>
	5,614,994	5,140,551
	<hr/> <hr/>	<hr/> <hr/>
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,582,902	2,497,493
	<hr/>	<hr/>
	2,589,102	2,503,693
	<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 TDBF also administers Devolved Formula Capital (DFC) grants (DFC grants provide the diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the TDBF as their agent, the TDBF receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2023, the TDBF held £239,307 (2022: £248,918) in designated bank accounts separate from those of the TDBF.

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31. Prior year comparative SoFA

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