

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

FINANCIAL STATEMENTS

31 December 2004

Company registration number 49825
Charity registration number 248330



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

<i>Index</i>	<i>Page</i>
Legal and Administrative Information	1 and 2
Report of the Directors	3 to 10
Independent Auditors' Report	11
Statement of Financial Activities and Income and Expenditure Account	12
Balance Sheet	13 and 14
Statement of Total Recognised Gains and Losses	15
Note of Historical Cost Surplus	15
Cash Flow Statement	16
Notes to the Accounts	17 to 33
General Fund Income and Expenditure Account	34
Notes to the General Income and Expenditure Account	35 to 37
Pastoral Account Income and Expenditure Account	38
Glebe Income and Expenditure Account	39
Education Trusts Income and Expenditure Account	40
Schools Maintenance Scheme Income and Expenditure Account	41

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

LEGAL AND ADMINISTRATIVE INFORMATION

Members of the Executive:

Ex Officio

The Bishop
The Suffragan Bishop
The Dean

The Archdeacon of Cornwall
The Archdeacon of Bodmin

The Rt. Revd. W Ind # + * ^
The Rt. Revd. R Screech # * \$
The Very Revd. M A Moxon LVO *
(resigned 14 September 2004)
The Ven. R D C Whiteman # + ~ ^
The Ven. C R F Cohen # + ~ * \$

Elected by the Members

Chairman of the Board

Group Captain P E Terrett OBE # +

Appointed by the Bishop

Vice Chairman of the Education Practitioner Group/
Diocesan Board of Education

Mr J H Smith *

Vice Chairman of the Proclamation Practitioner Group

Mrs J M Conybeare ^

Elected by the relevant Houses of Diocesan Synod

Chairman of the House of Clergy
Chairman of the House of Laity

The Revd. Canon A T Neal (resigned 19 October 2004)
Mrs P Ince MBE # *

Elected by Houses and Archdeaconry

Archdeaconry of Bodmin

The Revd. Preb. B A Anderson ~
The Revd. C D Epps
Mr D J Bishop +
Dr M J Todd #

Archdeaconry of Cornwall

The Revd. A G Bashforth
The Revd. D G Miller *
Mr D A E Lawrence
Major W K Jewell

Co-Opted

The Revd. Canon R C Bush

- # Member of the Parsonages Committee
- + Member of the Glebe Committee
- * Member of the Education Practitioner Group / Board of Education
- \$ Member of the Formation Practitioner Group
- ^ Member of the Proclamation Practitioner Group
- ~ Member of the Diocesan Advisory Committee

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

LEGAL AND ADMINISTRATIVE INFORMATION *(continued)*

Secretary to the Executive:	Mrs S J Sturgess
Registered Office:	Diocesan House, Kenwyn, Truro.
Email address :	info@truro.anglican.org
Web site:	www.truro.anglican.org
Company registration number:	49825
Charity registration number:	248330
Solicitors:	Follett Stock, Truro Business Park, Truro.
Auditors:	Robinson Reed Layton, Peat House, Newham Road, Truro.
Bankers:	National Westminster Bank PLC, St Nicholas Street, Truro.
Insurers:	Ecclesiastical Insurance Group, Montpellier House, Montpellier, Gloucester
Investment advisers:	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ.
Glebe estate manager:	Stratton & Holborow, Lemon Villas, Truro.
Schools' architect:	The Bazeley Partnership, 5 Tregarne Terrace, St Austell.

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

Report of the Directors

Chairman:	Group Captain P E Terrett OBE
Vice Chairman:	The Revd. C D Epps
Treasurer:	The Ven. C R F Cohen
Secretary:	Mrs S J Sturgess

The Directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

The objects of The Truro Diocesan Board of Finance Limited (the "Company"), which are described in its Memorandum of Association, consist of promoting and assisting the works, objects and purposes of the Church of England, the advancement of the Christian religion in the Diocese of Truro and, in particular organising and providing funds for various departments of the Church's work.

In pursuance of its objects, the Company undertakes the following activities:

- (a) the funding of the stipends of clergy and licensed lay workers engaged in the parochial ministry.
- (b) the provision and maintenance of appropriate housing for such clergy and lay workers.
- (c) the employment of clergy and lay staff in diocesan-wide ministries such as education, ministry development, evangelism and social responsibility.
- (d) the provision of financial and other support to parishes.
- (e) the management and investment of glebe and other assets held under trusts for the benefit of the Diocese.
- (f) the employment of staff to manage the administration of the Company's affairs.

These activities are funded principally by parish contributions (Common Fund); income is also received from the Church Commissioners, parochial fees and investments.

Directors

The members of the Executive who served during the year are listed on page 1. They are the directors and trustees under company law and charity law respectively.

There are five ex officio members. The Members of the Company elect the Chairman. The Bishop appoints two and the House of Clergy and the House of Laity of the Diocesan Synod each elects one member to the Executive. Each House also elects two clerics and two lay members for each Archdeaconry. Thus, up to eleven members can be elected by Diocesan Synod/members of the Company. Furthermore, up to two members can be co-opted by the Executive itself. All elected and co-opted members of the Executive serve for up to three years until the next triennial election.

Except as explained in note 34 of the financial statements, the directors derive no financial benefit from their membership other than the re-imbursement of their out-of-pocket expenses.

Organisation

The membership of the Company is the same as the Diocesan Synod, which is the body which approves the budget. Members of the Executive are both the directors of the Company, responsible for overseeing the finances of the Diocese, and the members of the Bishop's Council and the Standing Committee of the Diocesan Synod. The elected members are elected every three years by the Synod, the last occasion being for service from 1 August 2003.

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

Report of the Directors (*continued*)

Organisation (*continued*)

The Executive meets as Bishop's Council and Standing Committee of the Diocesan Synod under the chairmanship of the Bishop, and as the board of directors of the Company under the chairmanship of the Chairman of the Company. The Executive's terms of reference are governed by the Church Representation Rules, Synod Standing Orders and the Company's Memorandum and Articles of Association. The Executive met eight times in 2004.

As the Bishop's Council and Standing Committee, the Executive is responsible for advising the Bishop on matters of concern to the Diocese and to the wider Church, developing policy and strategy and acting as the standing committee of the Diocesan Synod.

As the board of directors, the Executive is responsible for its staff, developing policy and strategy, preparing and implementing plans and budgets, monitoring and reviewing performance, ensuring compliance with relevant laws and regulations. Other supporting committees are established to deal with day-to-day issues concerning parsonage houses (Parsonages Committee), glebe property (Glebe Committee), investments (Investment Committee), the care of churches (Diocesan Advisory Committee), religious education and Church schools (Education Practitioner Group - Board of Education), training and development of children and young people; and adults, lay and ordained (Formation Practitioner Group) and, for proclaiming the Gospel through the action of the Church in Society (Proclamation Practitioner Group).

The Directors' responsibilities

Company and charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis in the expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future.

The directors have overall responsibility for ensuring that the Company has an appropriate system of controls, financial and otherwise. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

- the Company is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- proper records are maintained and financial information used within the Company or for publication is reliable;
- the Company complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by the directors;
- regular monitoring of financial and non-financial performance;
- identification and management of risks.

The directors believe that the Company's internal financial controls, in particular, are consistent with guidelines issued by the Charity Commission.

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

Report of the Directors *(continued)*

Related parties

Within the Ministry of the Church of England in the Diocese of Truro, the Company plays an important role in co-operation with other persons and charities which form part of the Church. While the Bishop of Truro and his clergy have the cure of souls within the Diocese, the responsibility for the funding of clergy stipend costs (other than bishops and cathedral clergy), providing clergy housing (other than the Diocesan Bishop and cathedral clergy), training clergy and other diocesan costs falls to the Company. Some of these clergy are directors/trustees of the Company and they are listed on page 1.

The main income of the Company is the contribution of parish share from the 230 parishes in the Diocese. Each parish is governed by a parochial church council (PCC), an independent charity excepted from registration under the Charities Act 1993, usually chaired by the Incumbent, and while the Company calculates parish shares of the Common Fund according to an apportionment formula, the parish shares are essentially voluntary donations by PCCs to the Company.

As explained in notes 20 and 21 of the financial statements, the Company is custodian trustee of assets held on permanent trusts 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 these financial statements as the Company does not control them, and they are segregated from the Company's own assets.

While the Company is responsible for the funding of clergy stipend costs, the national clergy payroll is administered by the Church Commissioners, a charity, which the Company reimburses regularly for the costs of stipendiary clergy deployed in the Diocese. The Church Commissioners also make grants to the Archbishops' Council of the Church of England for ministry in poorer dioceses and parishes. The Archbishops' Council, a charity and the executive body of the General Synod, funds the administration of the General Synod of the Church of England, its Boards and committees, and work undertaken on behalf of the Church nationally, and the Company contributes a share of these costs annually according to a formula agreed by General Synod, to which the Diocese elects several members.

Other related parties include:

The Church of England Pensions Board, to whom the Company pays retirement benefit contributions for stipendiary clergy and employees.

South West Ministry Training Course Limited, a company which provides training for the ordained Ministry, to whom the Company had, until 15 October 2004, provided a mortgage facility.

Truro Cathedral Friends' Enterprises Limited, a company which assists The Cathedral Church of the Blessed Virgin Mary in Truro, to maintain and improve the fabric and work of Truro Cathedral through the operation of a Cathedral shop and restaurant, and to whom the Company has provided a loan facility. The trade, assets and liabilities of this company were transferred to Truro Cathedral Limited on 31 December 2004. Trading commenced on 1 January 2005. Truro Cathedral Limited is a wholly owned subsidiary company of The Cathedral Church of the Blessed Virgin Mary in Truro.

Disclosure of transactions with related parties is given in note 34 to the financial statements.

Grant making policy

The Company's Memorandum of Association explicitly permits the making of grants in pursuance of its objects. Details of grants made in the year are disclosed in note 10 of the financial statements.

Financial review

There was a surplus for the year of £650,000 (2003: £432,000); a surplus of £210,000 (2003: £161,000) arose on budgeted activities and a surplus of £440,000 (2003: £271,000) arose on other items. The detailed Statement of Financial Activities for the year is shown on page 12.

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

Report of the Directors (*continued*)

Financial review (*continued*)

The surplus on budgeted activities comprises:

	Actual £000's	Budget £000's
<i>Income:</i>		
Common Fund	3,024	3,100
Grants from National Church institutions	538	522
Investment income (including rents)	569	494
Assigned fees	235	217
Donations from Ecclesiastical Insurance Group & others	114	105
Other income	174	142
	<hr/>	<hr/>
	4,654	4,580
	<hr/>	<hr/>
<i>Expenditure:</i>		
The Ministry in Parishes:		
Stipends and related costs	2,668	2,707
Housing costs	632	660
Support for Ministry in Parishes	556	600
Pastoral and Mission Resource	103	103
National Church responsibilities	121	121
Glebe and rented parsonage houses costs	63	36
Diocesan support ministries	301	296
	<hr/>	<hr/>
	4,444	4,523
	<hr/>	<hr/>
Surplus for the year on budgeted activities	210	57
	<hr/>	<hr/>

A review of the performance of the Common Fund is described separately on page 9.

Grants from the National Church Institutions included £16,000 (2003; £137,000) for clergy pensions transitional relief. As expected, this relief ceased in March 2004. The Company also received £39,600 for the third in a programme of three annual "one-off" grants from Archbishops' Council. In 2004, these grants were earmarked for funding training and development projects conceived by deaneries in their pursuit of the *People of God* initiative.

Investment income (including rents) returned £75,000 more than budget. Part of this surplus is attributable to invested unbudgeted proceeds realised from the sale of Glebe, parsonage houses and Company property.

The Company is particularly grateful to the Allchurches Trust Limited (the Ecclesiastical Insurance Group's parent company and registered charity) for a further generous grant of £64,715 (2003; £57,780): this includes a special one-off grant of £5,780 which has been set aside to fund a new project or initiative yet to be decided. The Company is also grateful to the Cornwall Community Foundation for £5,000 (2003; Cornwall Independent Trust Fund £9,096) to support the work of the youth officer and the child protection officer.

Parochial fees assigned to the Company by clergy in return for payment of a full stipend totalled £235,000 in 2004. While the budget of £217,000 may have been pessimistic, the collection only represents a 1.7% increase over the previous year in spite of a 5% increase in the statutory fee scales.

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

Report of the Directors (*continued*)

Financial review (*continued*)

The letting of vacant parsonage houses (included in Other Income) generated rents totalling £115,000 - £52,000 more than envisaged.

Actual expenditure was £79,000 less than budget. Stipends and related costs (£2.7M) were underspent by 1.4% as the overall decline in clergy numbers was a shade better than anticipated in the long term *People of God* strategy. The housing budget of £660,000 was underspent by 4.2%. The diversion of council tax and water charges to the tenants of rented houses was a contributory factor. Together, stipends and housing represented nearly three-quarters of the Company's total expenditure for the year.

Note 12 of the financial statements show the detailed breakdown of expenditure for Support for Ministry in Parishes. Actual net spend of £556,000 was £44,000 less than budget. The main reasons for this underspend were unintentional: the take-up of grants available to deaneries and parishes for training and development projects in pursuit of the *People of God* initiative has been very much slower than anticipated; only £14,555 was awarded to eight deaneries in 2004. The Company spent £25,000 less than the £40,000 fund set aside for providing financial assistance to families of ordinands training for the stipendiary ministry. This underspend reflects a greater number of students being trained locally through South West Ministry Training Course Limited rather than at theological colleges and is not due to any policy to cut-back numbers in training.

The Pastoral and Mission Resource was introduced in 2001 to help those parishes with the most severe financial problems and to encourage local mission projects. In 2004, provision was increased from £100,000 to £103,500 to help alleviate the acute difficulties some parishes were still facing meeting their Common Fund shares.

Diocesan Support Ministries is marginally overspent by £5,000. On the one hand, there were savings in payroll costs mainly because the post of Parish Resources Officer was vacant until May. On the other, the modest office equipment budget of £8,000 was overspent by £10,000. Apart from the cyclical replacement and upgrading of IT equipment, new hardware and software has been needed to keep up with increasing staff numbers and incessant technological developments.

The detailed General Fund Income and Expenditure Account on page 34 and the Pastoral Income and Expenditure Account on page 38 reviews the Company's performance against budget in greater detail.

The surplus on unbudgeted activities comprises:

	£000's
Realised gains on sales of Company properties	53
Realised losses on sales of parsonage houses	(35)
Realised gains on sales of Glebe land	223
Surplus on The Diocese of Truro Education Trusts	199
	<hr/>
	440
	<hr/>

Company-owned houses at Looe and Newlyn and, the old parsonage house at Charlestown were sold in the year.

Glebe sales were completed at St Ervan, Camborne, St Minver, Ruanlanihorne and St Hilary.

The detailed Income and Expenditure Accounts for The Diocese of Truro Education Trusts and the Schools Maintenance Scheme are set out on pages 40 to 41 respectively. But for a gain of £232,000 on the sale of the old school at St Neot, there would have been a deficit of £33,000 on The Diocese of Truro Education Trusts.

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

Report of the Directors (*continued*)

Investment powers, policy and performance

Under the Memorandum and Articles of Association, the Company has the power to make any investment which the directors see fit. The Company invests predominantly in The Church of England and COIF Charity Common Investment Funds and engages CCLA Investment Management Limited to review the Company's portfolio and to provide investment advice from time to time.

The Investment Committee oversees the management of the Company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). During 2004, the Investment Committee has sought to re-define its terms of reference and has prepared (for approval by the Executive) a formal Investment Policy and Principles Statement to set out objectively for the first time, a practical framework of guidelines and conditions within which the Company's investments shall be administered.

The Company's main priority is to maintain a level of income that is at least consistent with preserving the real value of capital.

The Company is most heavily invested in The CBF Church of England Investment Fund and The CBF Church of England Property Fund (representing approximately two-thirds of the total value of the Company's investments of £4.5 Million (excluding Glebe) at 31 December 2004 (see note 21). The total capital and income return for the year for each of these Funds were 11.0% and 17.3% respectively, statistics which the Executive consider to be satisfactory in the light of prevailing market conditions.

Glebe property is professionally valued on an open market existing use basis every 5 years to establish market value. The portfolio was valued as at 31 December 2004 by the Glebe managing agents at £5.04 Million.

Risk management

The directors annually review the major risks to which the Company is exposed, in particular those related to the operations and finances, and are satisfied that systems are in place to mitigate the Company's exposure to such risks and that procedures have been designed to minimise any potential impact on the Company should any of these risks materialise.

Reserves

The directors have a responsibility for ensuring that the Company has adequate funds to fulfil its continuing obligations to service the Ministry in the Diocese.

The Company now bears the full cost of clergy pension contributions (the transitional period of tapering relief expired in March 2004). The Company also funds the lay staff pension scheme and early indications are that the results of the pending triennial actuarial review will lead to a substantial increase in contribution rate again. Locally, the Company is acutely aware of the financial strains being endured by many parishes but is nevertheless dependent on parishes for their full and regular payment of their Common Fund contributions: the Common Fund is now needed to support some three-quarters of the Company's current annual budgeted expenditure. Against these sensitive financial concerns, the directors believe that the present accumulated balance of free reserves (General Fund plus Pastoral Account) of £4.1 Million (2003: £3.3 Million) which still represent less than one year's operating expenditure, are not excessive at this time.

The adequacy of General Fund reserves is reviewed annually as part of the directors' formal budgetary process.

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

Report of the Directors (*continued*)

Common Fund

Common Fund is the largest source of income of the Company, and also the largest item of expenditure for the parishes of the Diocese. It represents the parishes' contribution towards the cost of ministry, at local, diocesan and national levels, including the cost of Diocesan administration.

The Common Fund call in 2004 was £3,099,700, an increase of 3.5% on the previous year. Of this £3,024,397 was received, 97.6% (2003: £2,952,360, 98.6%). 170 (2003: 179) parishes paid their Common Fund in full by 31 December. The directors recognise the burden that Common Fund places on the parishes of the Diocese, and is most grateful for the hard work and generosity of parishioners. A continuing and improving high collection rate of Common Fund is crucial to the Diocese's financial stability.

Stipends and pensions

The Diocesan standard stipend was increased by 3.3% on 1 April 2004 to £18,330.

Since 1 January 1998, the clergy have been members of the new Church of England Funded Pensions Scheme. This Scheme provides for that part of their pension that relates to Ministry service after this date. As a result of the last actuarial review in December 2003, the rate of contribution will rise from 29.5% of stipend to 33.8% from 1 April 2005. Unfortunately, the extra funding which the Church Commissioners allocated towards this liability ceased in March 2004.

The Church Commissioners will meet the costs of pensions for Ministry service before 1 January 1998 under well-established arrangements.

Political and charitable contributions

Charitable contributions have been made as part of the normal expenditure in the exercise of the Company's objects. No political donations have been made.

Tax status

The Company is a registered charity and is therefore not liable to corporation tax. It does, however, incur value added tax (VAT).

Future developments

The *People of God* Initiative, a 10-year initiative launched in 2001, continues to dominate the thinking and decision-making of the Diocese, and of course has significant implications for its finances. Clergy numbers continued to reduce through 2004, with the average number of stipendiary clergy in the year being slightly under budget. In 2005, a further reduction of two stipends is budgeted.

Alongside this is a continuing increase in the number of lay people coming forward to train as Local Pastoral Ministers and Local Worship Leaders, and for ongoing training. The resourcing of the Training and Development Department remains one of the main financial priorities for 2005, as is the development of Reader training.

The *People of God* Initiative concentrated on the provision of lay and ordained ministry. To complement this, the Strategy Group, a working party set up by the Bishop's Council, presented its report to the Executive early in 2005. Its recommendations on the future development of the Diocese will be considered further during 2005 and condensed into a strategy for the future. The financial implications will be provided for within future budgets.

Between November 2004 and February 2005 the clergy of the diocese were invited to attend a series of *Reflection Days*, to which provide them with an opportunity to examine their confidence in their role as clergy and to wrestle with the challenges of ministering in a rapidly changing culture. Additional help for the clergy in their ministry is also one of the financial priorities for 2005.

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

Report of the Directors *(continued)*

Future developments *(continued)*

The majority of diocesan expenditure continues to be for the provision of ministry within the diocese, with over £3.5 million budgeted for 2005. In May 2002, the Diocesan Synod debated the report *Generosity and Sacrifice* on clergy pay and pensions. Its decision to adopt Aspiration 1, to increase the stipends of assistant staff to the National Minimum Stipend, was introduced in April 2004. This had only a small effect on the overall budget. However, the adoption of Aspiration 2, to increase the stipends of clergy of incumbent status by an additional 4.3% over the normal cost of living increase in two instalments in April 2005 and April 2006, will have a much more significant effect. The first instalment adds £92,000 to the 2005 budget for stipends and National Insurance contributions. This is in addition to an extra £96,300 of clergy pensions as a result of the recent triennial actuarial review. The Executive will decide during 2005 whether the second stage can be implemented in 2006.

After an interim arrangement for 2004 for the apportionment of Common Fund, a new formula was introduced from January 2005. This is based on parish income, averaged over a three year period, and is intended to provide a simpler, more stable and more equitable basis of apportionment. It is hoped that the recent record collection rates of 98.6% in 2003 and 97.6% in 2004 can be maintained. The overall increase in Common Fund in 2005 has been pegged at 3% (2004: 3.5%). Nevertheless, individual parishes have experienced differing percentage rises. Transitional relief as the new formula is introduced attempts to limit these as much as possible. The directors continue to express their gratitude to parishes that work so hard to meet their Common Fund apportionments.

We are grateful to the Church Commissioners for the grants that we receive (another significant increase to £587,800 in 2005) but, are conscious that the significant annual increases we have enjoyed in recent years may not continue at this rate in future years.

In addition to the general Church Commissioners' grant, we will receive a Mission Fund grant of £43,000 in 2005. Grants from this sum will be available to parishes and other groups wishing to launch mission initiatives.

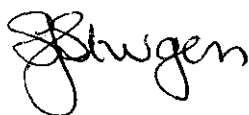
Solicitors

A resolution to reappoint Follett Stock as solicitors to the Company will be proposed at the Annual General Meeting.

Auditors

A resolution to reappoint Robinson Reed Layton as auditors to the Company will be proposed at the Annual General Meeting.

By order of the Directors



S J Sturgess
Secretary

Diocesan House
Kenwyn
Truro
TR1 1JQ

14 April 2005

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

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2004 which comprise the Statement of Financial Activities and Income and Expenditure Account, Balance Sheet, Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and investments (held as fixed assets) and the accounting policies set out herein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the Company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Report of the Directors, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robinson Reed Layton
Chartered Accountants
Registered Auditors

Peat House
Newham Road
Truro
TR1 2DP

14 April 2005

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

Statement of Financial Activities and Income and Expenditure Account
for the year ended 31 December 2004

	Note	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Incoming resources						
Donations and similar incoming resources:						
Common Fund shares		3,024,397	-	-	3,024,397	2,952,360
Grants from national church institutions	4	538,303	-	-	538,303	527,778
Other donations and similar incoming resources	5	105,267	1,661,505	-	1,766,772	1,841,603
Incoming resources from operating activities	6	291,568	17,972	-	309,540	307,104
Investment income	7	471,668	140,004	-	611,672	570,834
Other incoming resources	8	167,651	232,166	-	399,817	203,865
Total incoming resources		4,598,854	2,051,647	-	6,650,501	6,403,544
Resources expended						
Costs of generating funds	9	38,348	25,309	-	63,657	52,991
Charitable expenditure						
Grants payable:	10					
National church responsibilities		120,520	-	-	120,520	145,311
General		103,500	350	-	103,850	101,289
Costs of activities and support of activities:						
Ministry in parishes	11	2,971,882	328,142	35,032	3,335,056	3,268,189
Support for ministry in parishes	12	554,890	1,745,612	-	2,300,502	2,424,525
Management and administration	13	294,832	6,040	-	300,872	273,128
Total resources expended		4,083,972	2,105,453	35,032	6,224,457	6,265,433
Net incoming/(outgoing) resources before transfers		514,882	(53,806)	(35,032)	426,044	138,111
Transfers between funds	14	-	250,465	(250,465)	-	-
Net incoming/(outgoing) resources for the year		514,882	196,659	(285,497)	426,044	138,111
Net realised gains on investment assets		-	-	223,550	223,550	293,948
Net Income/(expenditure) for the year		514,882	196,659	(61,947)	649,594	432,059
Unrealised gains and losses on revaluation	15	827,950	59,841	8,752,489	9,640,280	4,679,563
Net movement in funds	16	1,342,832	256,500	8,690,542	10,289,874	5,111,622
Fund balances at 1 January 2004		4,977,677	1,459,600	38,031,475	44,468,752	39,357,130
Fund balances at 31 December 2004		6,320,509	1,716,100	46,722,017	54,758,626	44,468,752

The Company's results derived entirely from continuing activities.

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

Balance Sheet.
at 31 December 2004

	Note	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	20		42,491,358		35,139,587
Investments	21		9,576,840		7,655,825
			<u>52,068,198</u>		<u>42,795,412</u>
Current assets					
Debtors	22	995,570		1,051,747	
Short term deposits	23	2,728,447		1,485,483	
Cash at bank and in hand		4,168		65,591	
		<u>3,728,185</u>		<u>2,602,821</u>	
Creditors: amounts falling due within one year					
Loans	24	520,384		406,965	
Other creditors		483,132		473,891	
		<u>1,003,516</u>		<u>880,856</u>	
Net current assets			<u>2,724,669</u>		<u>1,721,965</u>
Total assets less current liabilities			<u>54,792,867</u>		<u>44,517,377</u>
Creditors: amounts falling due after more than one year					
Loans	24		(34,241)		(48,625)
Net assets			<u>54,758,626</u>		<u>44,468,752</u>

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

Page 14

Balance Sheet (continued)
at 31 December 2004

	Note	£	2004 £	£	2003 £
Funds employed					
<i>Unrestricted funds</i>	25				
General fund		3,050,845		2,255,013	
Board houses fund		3,216,000		2,669,000	
Other funds		53,664		53,664	
			<u>6,320,509</u>		<u>4,977,677</u>
<i>Restricted funds</i>	26				
Pastoral account		1,084,767		1,048,157	
Parsonage reserve fund		134,005		124,944	
Education Trusts		452,572		273,336	
Schools maintenance scheme		37,890		6,195	
Bishop Phillpotts Prize fund		6,866		6,968	
			<u>1,716,100</u>		<u>1,459,600</u>
<i>Expendable endowments</i>	27				
Parsonage houses fund		38,740,000		32,050,000	
Stipends capital account		7,982,017		5,981,475	
			<u>46,722,017</u>		<u>38,031,475</u>
			<u>54,758,626</u>		<u>44,468,752</u>
The revaluation reserve included in the above funds is	28		<u>41,506,749</u>		<u>32,277,341</u>

These financial statements were approved by the Board on 14 April 2005
and were signed on its behalf by:

P E Terrett
Chairman



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

**Statement of Total Recognised Gains and Losses
for the year ended 31 December 2004**

	2004 £	2003 £
Surplus for the year	649,594	432,059
Unrealised gain on revaluation of freehold property	7,814,896	4,408,091
Unrealised gain on revaluation of investments	1,939,384	314,472
Unrealised loss on Equity Sharing loans	(114,000)	(43,000)
Total recognised gains and losses since the last annual report	<u>10,289,874</u>	<u>5,111,622</u>

**Note of Historical Cost Surplus
for the year ended 31 December 2004**

	2004 £	2003 £
Surplus for the year	649,594	432,059
Realisation of fixed asset revaluation gains of previous years	410,872	744,786
Historical cost surplus for the year	<u>1,060,466</u>	<u>1,176,845</u>

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

Cash Flow Statement
for the year ended 31 December 2004

	Note	£	2004 £	£	2003 £
Net cash inflow from operating activities	31		330,843		204,394
Servicing of finance					
Interest paid		(12,336)		(11,941)	
			(12,336)		(11,941)
Capital expenditure and financial investment					
Payments to acquire:					
Board property		(152,600)		-	
Parsonage houses		(52,504)		(1,741,909)	
Glebe property		(81,249)		-	
Office equipment		(8,905)		(6,492)	
Investments		(6,432)		(718,000)	
Receipts from sale of:					
Board property		384,107		361,263	
Parsonage houses		465,982		612,642	
Glebe property		329,600		309,248	
			877,999		(1,183,248)
Cash inflow/(outflow) before management of liquid resources and financing			1,196,506		(990,795)
Management of liquid resources and financing					
<i>Management of liquid resources</i>					
(Increase)/decrease in short term deposits			(1,242,964)		1,070,617
<i>Financing</i>					
Loans from Church Commissioners repaid		(2,665)		(3,211)	
Loans from Central Board of Finance repaid		(12,300)		(12,675)	
			(14,965)		(15,886)
(Decrease)/increase in cash	32 & 33		(61,423)		63,936

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

Notes

(forming part of the financial statements)

1 Constitution

The company is incorporated as limited by guarantee under the Companies Act 1948. In the event of winding up, up to the permitted maximum 153 members of the Company are liable to contribute a sum not exceeding £10 per member towards the debts and liabilities of the Company and the costs, charges and expenses of winding up.

2 Principal accounting policies

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

Basis of accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000), applicable accounting standards and the Companies Act 1985.

The financial statements are prepared under the historical cost accounting rules except that freehold land and buildings and investments (held as fixed assets) are included at valuation.

The Board has taken advantage of adopting its own arrangements of the headings and sub-headings of its financial statements due to the special nature of its business as permitted by section 3(3) of schedule 4 of the Companies Act 1985.

Incoming resources

- a) **Common Fund** contributions from parishes are recognised as income of the year in which they are received.
- b) **Rents** are included as income of the year in which they become due for payment.
- c) **Investment income** is accounted for on a receivable basis. Thus, dividends are accounted for according to their ex-div dates and deposit account interest is accrued daily.
- d) **Grants** are recognised in the year for which they are received. Any amounts received for future periods are disclosed as *deferred income*.
- e) **Parochial fees** are recognised as income of the year in which they are earned.
- f) **Donations** are recognised when received.

Resources expended

- a) **Costs of generating funds** principally include Glebe outgoings and management charges and outgoings on other properties held for investment purposes.
- b) **Charitable expenditure** is analysed between expenditure on ministry in parishes within the Diocese, expenditure in support of ministry within parishes, and management and administrative costs.
- c) **Grants payable** are recognised as soon as the Board has approved them, provided that all relevant conditions have been fulfilled.
- d) **Management and administrative costs** are allocated wherever possible directly to the activity to which they relate. Where such direct allocation is not practical, the remainder is disclosed as management and administrative costs.

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

Notes (continued)
(forming part of the financial statements)

2 Principal accounting policies (continued)

e) Pension costs. The cost of providing pension and related benefits to the Board's clergy and 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 (see note 30).

Freehold property

Freehold land and buildings are held for direct charitable purposes with the exception of Glebe property which is held for investment purposes (see below). Parsonage houses, board property and property equity shared with the Church Commissioners are stated at valuation on an existing use value basis.

Parsonage houses are not legally owned by the Company but have been included on the basis that the Company is legally responsible for their maintenance and as such enjoys the risks and rewards of their ownership.

Aided schools are the subject either of Trusts for which the Company acts merely as trustee, or of the Secretary of State's Orders specifying the application of any sale proceeds to support other Church of England schools within the Diocese. 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 and Skills or on a scheme approved by the Charity Commission. Until approval for distribution has been granted, the sale proceeds are invested and held by the Company in trust. When approval for distribution is eventually granted, the Company's share of the proceeds is transferred to The Diocese of Truro Education Trusts which is accounted for as a restricted fund in these financial statements.

No depreciation is provided on freehold land or buildings. The Company has a policy and practice of regular maintenance and repair (charges for which are recognised in the General Fund and Pastoral Account as appropriate) such that its buildings are kept in a continual state of sound repair. Accordingly, it is considered that the useful economic lives of these assets are so long and their residual values are so high, that their depreciation would not be material. Residual values are based on valuations prevailing at the balance sheet date.

Tangible fixed assets other than freehold property is capitalised at cost and depreciated on a reducing balance basis according to the estimated useful life of each item.

Fixed asset investments are included in the balance sheet at market value.

Listed investments are mainly UK Government fixed interest stocks and are valued at their quoted bid price.

Unlisted investments comprise shares in Common Investment Funds and are valued at bid prices published by the fund managers.

Glebe comprises a portfolio of mainly agricultural property and is professionally revalued on an open market existing use basis every 5 years to establish market value. In the intervening years, the directors adjust the market value for additions and disposals and such professional advice that may be received if this is material. As it is managed purely for its investment potential, Glebe property is classified under the heading of Investment Assets rather than Tangible Fixed Assets.

Investment gains and losses. Gains and losses on disposals and revaluation of investments are charged or credited to the appropriate fund in the Statement of Financial Activities.

Irrecoverable VAT. The Company is not VAT registered and therefore resources expended include attributable VAT which cannot be recovered.

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

Notes (continued)
(forming part of the financial statements)

3 Turnover

The Company does not undertake trading on its own account.

4 Grants from national church institutions

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Selective allocations	450,264	-	-	450,264	363,485
Clergy pensions transitional relief	15,925	-	-	15,925	136,597
Support of parish ministry and mission	54,155	-	-	54,155	10,000
Contribution to registrar's retainer	17,959	-	-	17,959	17,696
	538,303	-	-	538,303	527,778

5 Other donations and similar incoming resources

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Allchurches Trust	58,935	-	-	58,935	57,780
Marshall's Charity	-	8,450	-	8,450	10,950
Contributions towards church schools:					
Department for Education and Skills	-	1,525,435	-	1,525,435	1,378,503
Cornwall County Council	-	28,938	-	28,938	262,993
School governors	-	96,068	-	96,068	70,328
Cornwall County Council (youth grant)	19,194	-	-	19,194	18,725
Donations from individuals	880	-	-	880	11,274
Other contributions	26,258	2,614	-	28,872	31,050
	105,267	1,661,505	-	1,766,772	1,841,603

6 Incoming resources from operating activities

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Parochial fees	234,773	-	-	234,773	230,810
Other stipends income	43,702	-	-	43,702	45,097
School maintenance premiums	-	17,972	-	17,972	16,429
Recoverable costs	13,093	-	-	13,093	14,768
	291,568	17,972	-	309,540	307,104

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

Notes (continued)
(forming part of the financial statements)

7 Investment income

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Dividends and interest	191,026	107,601	-	298,627	264,295
Rents:					
Board properties	23,686	-	-	23,686	25,275
Glebe estate	256,956	-	-	256,956	250,894
Redundant schools	-	32,403	-	32,403	30,370
	471,668	140,004	-	611,672	570,834

8 Other incoming resources

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Realised gains on disposal of assets for the charity's own use	53,107	232,166	-	285,273	116,905
Rents from parsonage houses	114,544	-	-	114,544	86,960
	167,651	232,166	-	399,817	203,865

9 Costs of generating funds

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Glebe: Outgoings	15,435	-	-	15,435	12,847
Management charges	22,913	-	-	22,913	21,150
Let vacant parsonages: Outgoings	-	5,519	-	5,519	4,066
Management charges	-	19,790	-	19,790	14,928
	38,348	25,309	-	63,657	52,991

10 Grants payable

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
National Church Responsibilities	120,520	-	-	120,520	145,311
Pastoral and Mission Resource	103,500	-	-	103,500	100,989
Bishop Phillpotts Prayer Book Prize Fund	-	350	-	350	300
	224,020	350	-	224,370	246,600

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

Notes (continued)
(forming part of the financial statements)

11 Ministry in parishes

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Archdeacons, incumbents, assistant clergy and authorised lay ministers stipends, national insurance and pension contributions	2,584,181	-	-	2,584,181	2,523,610
Housing costs	303,761	328,142	-	631,903	645,090
Resettlement and associated costs	56,375	-	-	56,375	77,847
Other payments (CME)	27,328	-	-	27,328	21,642
Realised losses on disposal of assets for the charity's own use	237	-	35,032	35,269	-
	<u>2,971,882</u>	<u>328,142</u>	<u>35,032</u>	<u>3,335,056</u>	<u>3,268,189</u>

12 Support for ministry in parishes

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Ministry Division of Archbishops' Council	97,142	-	-	97,142	98,606
Diocesan support for ordinands in training	16,263	-	-	16,263	29,736
Schools and education	159,691	1,744,726	-	1,904,417	2,043,137
Training and development	91,945	-	-	91,945	80,614
Specialist ministries	65,137	-	-	65,137	56,110
Social Responsibility	17,767	-	-	17,767	13,990
Diocesan Advisory Committee	29,573	-	-	29,573	27,192
Diocesan Synod	1,045	-	-	1,045	1,431
Chancellor's and registrar's retainers	46,329	-	-	46,329	45,709
Faculty fees	7,925	-	-	7,925	9,539
Communications	18,122	-	-	18,122	16,593
Redundant church expenditure	-	886	-	886	(1,817)
General Synod members' expenses	3,951	-	-	3,951	3,685
	<u>554,890</u>	<u>1,745,612</u>	<u>-</u>	<u>2,300,502</u>	<u>2,424,525</u>

13 Management and administration

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Secretariat and administration costs	275,188	5,519	-	280,707	243,760
Payments to lay pensioners	4,867	-	-	4,867	4,747
Auditors' fees	5,153	-	-	5,153	4,756
Other professional fees	8,997	521	-	9,518	19,513
Committee and other expenses	627	-	-	627	352
	<u>294,832</u>	<u>6,040</u>	<u>-</u>	<u>300,872</u>	<u>273,128</u>

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

Notes (continued)
 (forming part of the financial statements)

14 Transfers between funds

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Payments to acquire property	-	(52,504)	52,504	-	-
Receipts from sale of property	-	302,969	(302,969)	-	-
	-	250,465	(250,465)	-	-

15 Unrealised gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2004 £	2003 £
Revaluation of land and buildings	839,400	-	6,975,496	7,814,896	4,408,091
Revaluation of investments	102,550	59,841	1,776,993	1,939,384	314,472
Revaluation of Equity Sharing loans	(114,000)	-	-	(114,000)	(43,000)
	827,950	59,841	8,752,489	9,640,280	4,679,563

16 Net movement in funds

	2004 £	2003 £
This is stated after charging:		
Staff costs (note 17)	448,109	398,456
Operating lease rentals	4,654	4,807
Auditors' remuneration	5,153	4,756
Realised losses on disposals of tangible fixed assets (note 11)	35,269	-
Depreciation of tangible fixed assets	7,897	7,404
Interest payable (note 18)	12,336	11,941
and after crediting:		
Realised gains on disposals of tangible fixed assets (note 8)	53,107	116,905
Realised gains on disposals of investment fixed assets	223,550	293,948
Proceeds from sale of Church school	232,166	-
Income from listed investments	66	339

17 Staff costs

The average number of persons employed during the year, all in an administrative capacity, was 16 (2003: 15).

The aggregate payroll costs were as follows:

	2004 £	2003 £
Wages and salaries	354,389	313,272
Social security costs	25,601	21,168
Pension contributions	68,119	64,016
	448,109	398,456

No employee received emoluments of more than £50,000 per annum.

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

Notes (continued)
 (forming part of the financial statements)

17 Staff costs (continued)

The Company also met the stipends of 115 (2003: 116) parochial clergy (including 2 Archdeacons) serving in the Diocese (see note 11).

The stipends of the Bishop and Suffragan Bishop are funded by the Church Commissioners.

18 Interest payable and similar charges

	2004 £	2003 £
On loans repayable within five years:		
Church Commissioners	9,674	9,411
Central Board of Finance of the Church of England	2,110	1,838
On loans repayable after five years:		
Church Commissioners	552	692
	<u>12,336</u>	<u>11,941</u>

19 Taxation

The Company is a registered charity and is not liable to corporation tax. It does however incur value added tax (VAT).

20 Tangible fixed assets - used for charitable purposes

	Freehold land and buildings (see below) £	Office equipment £	Total £
<i>At cost or valuation</i>			
At 1 January 2004	35,111,000	61,488	35,172,488
Additions	205,104	8,905	214,009
Disposals	(669,000)	(1,788)	(670,788)
Revaluation adjustment	7,814,896	-	7,814,896
At 31 December 2004	<u>42,462,000</u>	<u>68,605</u>	<u>42,530,605</u>
<i>Depreciation</i>			
At 1 January 2004	-	32,901	32,901
Disposals	-	(1,551)	(1,551)
Charge for year	-	7,897	7,897
At 31 December 2004	<u>-</u>	<u>39,247</u>	<u>39,247</u>
<i>Net book value</i>			
At 31 December 2004	<u>42,462,000</u>	<u>29,358</u>	<u>42,491,358</u>
At 31 December 2003	<u>35,111,000</u>	<u>28,587</u>	<u>35,139,587</u>

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

Notes (continued)
(forming part of the financial statements)

20 Tangible fixed assets - used for charitable purposes(continued)

Freehold land and buildings

	Board property £	Parsonage houses £	Equity sharing £	Total £
<i>At valuation</i>				
At 1 January 2004	2,669,000	32,050,000	392,000	35,111,000
Additions	152,600	52,504	-	205,104
Disposals	(331,000)	(338,000)	-	(669,000)
Revaluation adjustment	725,400	6,975,496	114,000	7,814,896
At 31 December 2004	<u>3,216,000</u>	<u>38,740,000</u>	<u>506,000</u>	<u>42,462,000</u>

Parsonage houses, board property and property equity shared with the Church Commissioners were valued, on 31 December 2004, on an existing use value basis by Mr R W Thomas FRICS, who is employed as the Company's Diocesan Surveyor. Parsonage houses, although not strictly vested in the Company, are accounted for in the Board's financial statements since the Company is responsible for the provision and maintenance of these houses and ultimately benefits from the sale proceeds if houses become surplus to requirements.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Equity sharing £	Total £
<i>At cost</i>				
At 1 January 2004	1,155,627	4,962,928	204,178	6,322,733
Additions	152,600	52,504	-	205,104
Disposals	(198,142)	(166,036)	-	(364,178)
At 31 December 2004	<u>1,110,085</u>	<u>4,849,396</u>	<u>204,178</u>	<u>6,163,659</u>

The Company, acting as custodian trustee, also holds freehold property to the value of £220,000 (2003: £115,400). The historical cost is £6,200 (2003: £6,200). This is not included in these financial statements.

21 Investments (held as fixed assets)

	Freehold investment property (Glebe) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation:</i>				
At 1 January 2004	3,469,658	2,630	4,183,537	7,655,825
Additions	81,249	-	6,432	87,681
Disposals	(106,050)	-	-	(106,050)
Revaluation adjustment	1,595,143	-	344,241	1,939,384
At 31 December 2004	<u>5,040,000</u>	<u>2,630</u>	<u>4,534,210</u>	<u>9,576,840</u>

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

Notes (continued)
(forming part of the financial statements)

21 Investments (held as fixed assets)(continued)

Glebe property was professionally valued at 31 December 2004 by Stratton & Holborow, Surveyors and Valuers, on an open market existing use basis at £5.04 million. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1976.

Listed investments are mainly UK Government fixed interest stocks.

Unlisted investments substantially comprise shares in The CBF Church of England Funds and COIF Charity Funds.

The following investments each represent more than 5% by value of the portfolio:

CAF UK Equity Growth Fund	£ 531,849
The CBF Church of England Fixed Interest Securities Fund	252,187
The CBF Church of England Investment Fund	1,853,888
The CBF Church of England Property Fund	1,204,540
COIF Charities Investment Fund	270,466
M&G "Charifund"	351,173

The corresponding historical cost figures are:

	Freehold investment property (Glebe)	Listed investments	Unlisted investments	Total
	£	£	£	£
<i>At cost:</i>				
At 1 January 2004	296,209	1,775	3,680,944	3,978,928
Additions	81,249	-	6,432	87,681
At 31 December 2004	<u>377,458</u>	<u>1,775</u>	<u>3,687,376</u>	<u>4,066,609</u>

The Company, acting as custodian trustee, also holds investments to the value of £2,019,576 (2003: £1,926,279) for the benefit of local parishes. The historical cost of these investments is £1,399,453 (2003: £1,397,957). These investments are not included in these financial statements.

22 Debtors

	2004 £	2003 £
<i>Amounts falling due within one year</i>		
Contributions towards Church schools	312,912	277,253
Loans to parishes and others	13,400	16,152
Proceeds from sale of property held by Church Commissioners	336,623	499,637
Other debtors including Glebe rents and clergy assigned fees	298,889	158,890
Prepayment - pension scheme deficiency	2,186	2,186
	<u>964,010</u>	<u>954,118</u>
<i>Amounts falling due after more than one year</i>		
Loans to parishes and others	25,000	88,883
Prepayment - pension scheme deficiency	6,560	8,746
	<u>995,570</u>	<u>1,051,747</u>

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

Notes (continued)
(forming part of the financial statements)

23 Short term deposits

	2004 £	2003 £
The CBF Church of England Deposit Fund	2,887,079	1,679,010
COIF Charities Deposit Fund	194,337	157,383
The Church Commissioners	690	5,342
National Westminster Bank PLC	79,494	105,159
	<u>3,161,600</u>	<u>1,946,894</u>
Less: attributable to local trust funds	(433,153)	(461,411)
	<u>2,728,447</u>	<u>1,485,483</u>

24 Loans

	2004 £	2003 £
Church Commissioners:		
Equity Sharing Loans (interest payable by quarterly instalments over 20 years at 5% of capital balance)	506,000	392,000
Permanent Housing Loans (repayable by quarterly instalments over 25 years, interest at 5% of reducing capital balance)	9,325	11,990
The Central Board of Finance of the Church of England (CBF):		
Church Schools fund loan (interest-free, repayable over 20 years)	3,300	3,600
The CBF Diocesan Loan Scheme (repayable by half-yearly instalments of £6,000 over 5 years, interest at 5.35% subject to annual review)	36,000	48,000
	<u>554,625</u>	<u>455,590</u>
Amounts falling due within one year	(520,384)	(406,965)
Amounts falling due after more than one year	<u>34,241</u>	<u>48,625</u>

An Equity Sharing Loan is repayable in the event that the specific property to which it relates is either sold or ceases to be used for the purpose for which it was acquired (one such property was sold in January 2005). These loans are revalued annually in line with the revaluation of the underlying properties since full repayment will eventually equate to the current market the underlying properties.

Permanent Housing Loans include £1,290 (2003: £2,177) repayable after more than five years from the balance sheet date. These loans are legally the responsibility of the benefice concerned, and guaranteed by the Company. In practice, all the repayments of these loans are met by the Company, and hence they are included as a liability of the Company.

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

Notes (continued)
(forming part of the financial statements)

24 Loans (continued)

The Church Schools fund loan was used to finance certain school building projects. It includes £1,800 (2003 £2,100) repayable after more than five years from the balance sheet date.

The loan from the CBF Diocesan Loan Scheme was acquired in June 2002 for the purpose of onward lending to Truro Cathedral Friends' Enterprises Limited (TCFE) under matching terms and conditions and is therefore disclosed in debtors (note 22) and creditors. The principal activity of TCFE is the operation of the Cathedral shop and refectory. On 31 December 2004, the trade, assets and liabilities of Truro Cathedral Friends' Enterprises Limited were transferred to Truro Cathedral Limited.

25 Unrestricted funds

Unrestricted funds are available for the general purposes of the Company. They include funds which have been set aside by the directors out of general funds for designated purposes.

	Balance b/fwd £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance c/fwd £
General Fund	2,255,013	4,545,747	(4,083,972)	102,550	231,507	3,050,845
Designated funds:						
Board Houses fund	2,669,000	53,107	-	725,400	(231,507)	3,216,000
Densham loan fund	35,000	-	-	-	-	35,000
Diocesan loan fund	18,664	-	-	-	-	18,664
	<u>4,977,677</u>	<u>4,598,854</u>	<u>(4,083,972)</u>	<u>827,950</u>	<u>-</u>	<u>6,320,509</u>

Analysis of net assets between funds at 31 December 2004:

	General Fund £	Board Houses Fund £	Densham Loan Fund £	Diocesan Loan Fund £	Total £
Tangible fixed assets	29,358	3,722,000	-	-	3,751,358
Investments	1,325,731	-	-	-	1,325,731
Net current assets/(liabilities)	1,726,997	(506,000)	35,000	18,664	1,274,661
Long term creditors	(31,241)	-	-	-	(31,241)
Total net assets	<u>3,050,845</u>	<u>3,216,000</u>	<u>35,000</u>	<u>18,664</u>	<u>6,320,509</u>

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

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

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

The Diocesan Loan Fund provides short term loan facilities to PCC's.

The Densham Loan Fund originated from a bequest given to the Company in 1955 in memory of the late Mr E S Densham for the provision of loans to the clergy for the purchase of cars. Over the years, the Fund has been augmented with appropriations from the General Fund. The responsibility for car loans was assumed by the Church Commissioners in 1988 but the fund is still reserved for this purpose.

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

Notes (continued)
 (forming part of the financial statements)

26 Restricted funds

Restricted funds may only be expended in accordance with restrictions imposed by law or by trust.

	Balance b/fwd £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance c/fwd £
Pastoral Account	1,048,157	107,812	(359,856)	38,189	250,465	1,084,767
Parsonage Reserve fund	124,944	-	-	9,061	-	134,005
Education Trusts	273,336	1,685,445	(1,518,777)	12,568	-	452,572
Schools maintenance scheme	6,195	258,165	(226,470)	-	-	37,890
Bishop Phillpotts Prize fund	6,968	225	(350)	23	-	6,866
	<u>1,459,600</u>	<u>2,051,647</u>	<u>(2,105,453)</u>	<u>59,841</u>	<u>250,465</u>	<u>1,716,100</u>

Analysis of net assets between funds at 31 December 2004:

	Pastoral account £	Parsonage reserve fund £	Education Trusts £	Schools Maintenance Scheme £	Bishop Phillpotts Prize Fund £	Total £
Investments	509,093	133,601	218,741	-	638	862,073
Net current assets	575,674	404	236,831	37,890	6,228	857,027
Long term creditors	-	-	(3,000)	-	-	(3,000)
Total net assets	<u>1,084,767</u>	<u>134,005</u>	<u>452,572</u>	<u>37,890</u>	<u>6,866</u>	<u>1,716,100</u>

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which may be applied to the purposes permitted by the section 78 of the Pastoral Measure 1983. Routine repairs and maintenance of parsonage houses and board houses are charged here.

The Parsonage Reserve Fund was set up with funds from the Church Commissioners according to the Repair of Benefice Buildings Measure 1972. Only the income earned by the Fund can be utilised by the Company for parsonages related purposes.

The Diocese of Truro Education Trusts are established under the Diocese of Truro (Educational Endowments) (No.2) Order 1994. The objects of the Trusts are widely drawn to allow trust assets to be used for a variety of educational purposes.

The Schools Maintenance Scheme was used for routine repairs to and maintenance of Church schools until 31 March 2002 when the Local Education Authority took over responsibility. The Scheme's primary purpose is to manage school insurances.

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

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

Notes (continued)
(forming part of the financial statements)

27 Expendable endowments

Expendable endowment funds are held on trust as capital but may be converted into income in certain circumstances.

	Balance b/fwd £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance c/fwd £
Parsonage Houses fund	32,050,000	-	(35,032)	6,975,497	(250,465)	38,740,000
Stipends capital account	5,981,475	-	-	2,000,542	-	7,982,017
	<u>38,031,475</u>	<u>-</u>	<u>(35,032)</u>	<u>8,976,039</u>	<u>(250,465)</u>	<u>46,722,017</u>

Analysis of net assets between funds at 31 December 2004:

	Parsonage Houses Fund £	Stipends Capital Account £	Total £
Tangible fixed assets	38,740,000	-	38,740,000
Investments	-	7,389,036	7,389,036
Net current assets	-	592,981	592,981
Total net assets	<u>38,740,000</u>	<u>7,982,017</u>	<u>46,722,017</u>

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 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.

28 Revaluation reserve

The revaluation reserve is required by the Companies Act 1985 and represents the amount by which tangible fixed assets and investments exceed their historical cost.

	Balance b/fwd £	Unrealised gains in year £	Realised on disposals £	Balance c/fwd £
General fund	151,963	102,550	-	254,513
Board Houses fund	1,513,373	725,400	(132,858)	2,105,915
Pastoral account	20,153	38,189	-	58,342
Parsonage Reserve fund	29,851	9,061	-	38,912
Education Trusts	(52,678)	12,568	-	(40,110)
Bishop Phillpotts Prize fund	123	23	-	146
Parsonage Houses fund	27,087,072	6,975,496	(171,964)	33,890,604
Stipends Capital account	3,527,484	1,776,993	(106,050)	5,198,427
	<u>32,277,341</u>	<u>9,640,280</u>	<u>(410,872)</u>	<u>41,506,749</u>

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

Notes (continued)
 (forming part of the financial statements)

28 Revaluation reserve (continued)

Analysis of net assets between funds at 31 December 2004:

	Tangible fixed assets £	Investments £	Total £
General fund	-	254,513	254,513
Board Houses fund	2,105,915	-	2,105,915
Pastoral account	-	58,342	58,342
Parsonage Reserve fund	-	38,912	38,912
Education Trusts	-	(40,110)	(40,110)
Bishop Phillpotts Prize fund	-	146	146
Parsonage Houses fund	33,890,604	-	33,890,604
Stipends Capital account	-	5,198,427	5,198,427
	<u>35,996,519</u>	<u>5,510,230</u>	<u>41,506,749</u>

29 Commitments

	2004 £	2003 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for:		
Parsonage houses	30,000	153,000
Church Schools (less contributions receivable)	4,000	14,000
Expenditure authorised but not contracted for:		
Church Schools (less contributions receivable)	160,000	142,000
	<u>194,000</u>	<u>309,000</u>

In addition, on 31 March 2001, the Company entered into a Private Finance Initiative (PFI) Agreement with Cornwall County Council for the building of a new school at Braddock and major extensions to existing schools, Liskeard St Martin and Falmouth St Francis. The Company (through the Diocese of Truro Education Trusts) committed to a 25 year programme of half-yearly payments totalling £437,000, to cover the Trust's share of the building costs, the costs of financing the scheme and a small share (1.7%) of ongoing maintenance costs.

At 31 December 2004, the Board's outstanding contribution, payable over the remaining life of the project, amounted to £403,000 (2003: £417,000).

	2004 £	2003 £
<i>Operating leases</i>		
Motor vehicle		
Minimum annual commitments under non-cancellable operating leases:		
which expire within one year	-	1,200
which expire within 2 to 5 years	4,700	-
	<u>4,700</u>	<u>1,200</u>

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

Notes (continued)
 (forming part of the financial statements)

30 Pensions

Clergy

The Company participates in the Church of England Funded Pensions Scheme.

The Church of England Funded Pensions Scheme is a defined benefit scheme but the Company is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. The last valuation of the scheme was carried out as at 31 December 2003, and the Company's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9 (b) of FRS17 requires the Company to account for pension costs on the basis of contributions actually payable to the scheme in the year.

Lay

The Company participates in the Church of England Defined Benefits Scheme, part of the Church Workers Pension Fund.

At 31 December 2004, the Company had 17 active members and 5 deferred pensioner members in the Fund.

The Company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the scheme. A valuation of the Fund was carried out as at 31 December 2001 and the Company's contribution rate was revised to 21.95% of pensionable salaries with effect from 1 January 2003. The next valuation of the Scheme will be carried out as at 31 December 2004.

**31 Reconciliation of surplus for the year to
 net cash inflow from operating activities**

	2004 £	2003 £
Surplus for the year	649,594	432,059
Depreciation	7,897	7,404
Profit on sale of fixed assets	(276,657)	(410,853)
Loss on sale of fixed assets	35,269	615
Interest payable	12,336	11,941
Decrease in loans to parishes and others	66,635	15,547
(Increase)/decrease in debtors	(173,472)	341,700
Increase/(decrease) in creditors	9,241	(194,019)
Net cash inflow from operating activities	<u>330,843</u>	<u>204,394</u>

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

Notes (continued)
(forming part of the financial statements)

32 Reconciliation of net cash flow to movement in net funds

	2004 £	2003 £
(Decrease)/increase in cash in year	(61,423)	63,936
Cash outflow from decrease in debt and lease financing	14,965	15,886
Cash outflow/(inflow) from movement in short term deposits	1,242,964	(1,070,617)
	<u>1,196,506</u>	<u>(990,795)</u>
Increase in equity sharing loans	(114,000)	(43,000)
	<u>1,082,506</u>	<u>(1,033,795)</u>
Movement in net funds in the year	1,082,506	(1,033,795)
Net funds at beginning of the year	1,095,484	2,129,279
Net funds at end of the year (note 33)	<u>2,177,990</u>	<u>1,095,484</u>

33 Analysis of changes in net funds

	At beginning of year £	Cash flows £	Non-cash changes £	At end of year £
Cash at bank and in hand	65,591	(61,423)		4,168
Debts due within one year	(406,965)	581	(114,000)	(520,384)
Debts due after more than one year	(48,625)	14,384		(34,241)
		<u>14,965</u>		
Short term deposits	1,485,483	1,242,964		2,728,447
Total	<u>1,095,484</u>	<u>1,196,506</u>	<u>(114,000)</u>	<u>2,177,990</u>

34 Transactions with directors

On 1 September 1998, the Company provided a mortgage loan facility to South West Ministerial Training Company Limited (SWMTC), company in which The Rt Revd R Screech (the suffragan bishop) and The Revd Canon A T Neal were directors in the year. This loan was secured and repayable over 25 years with interest calculated at 1% above prevailing CBF Deposit Fund rates. SWMTC decided to redeem the loan early on 15 October 2004 when the balance outstanding was £51,265 (2003; £52,235).

On 10 June 2002, the Company provided a £60,000 loan to Truro Cathedral Friends' Enterprises Limited, a company in which The Very Revd M A Moxon was a director until 31 December 2004. The loan is unsecured and is repayable in five equal annual instalments of £12,000 each commencing on 30 June 2003, and interest is payable on 30 June and 31 December at 5.35% or such other rates as the Company may determine. At 31 December 2004, the balance outstanding was £36,000 (2003; £48,000). The trade, assets and liabilities of Truro Cathedral Friends' Enterprises Limited were transferred on 31 December 2004, to Truro Cathedral Limited, a wholly owned subsidiary company of The Cathedral Church of the Blessed Virgin Mary in Truro.

The directors derive no financial benefit for their services as directors other than the re-imbursement of their out-of-pocket expenses. In 2004, 3 directors were paid £2,553 (2003; 3 directors £2,028). However, of the directors listed on page 1, the Company also remunerated the Archdeacons, the Secretary of the House of Clergy and the clergy Deanery Representatives in respect of their duties as clergy.

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

Notes (continued)
(forming part of the financial statements)

34 Transactions with directors *(continued)*

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

**The following information on pages 34 to 41 inclusive
does not form part of the audited statutory financial statements**

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

General Fund Income and Expenditure Account
for the year ended 31 December 2004

	Note	2004 Budget £	2004 Actual £	2003 Actual £
Income				
Common fund		3,099,700	3,024,397	2,952,360
Church Commissioners allocations		465,200	466,189	500,082
Archbishops' Council Mission Grants		39,600	54,155	10,000
Glebe rents (net) (see page 39)		222,800	218,608	216,897
Assigned fees		217,600	234,773	230,810
Other stipends income		64,800	43,702	45,097
Investment income		134,600	191,026	191,365
Grants from Ecclesiastical Insurance Group and others		76,300	82,693	84,384
Board property rents		23,500	23,686	25,275
Parsonages rents		62,300	114,544	86,960
Donations		1,300	880	11,274
Gross income		4,407,700	4,454,653	4,354,504
Expenditure				
The Ministry				
Gross stipends		1,943,900	1,923,432	1,868,182
National Insurance contributions		114,000	111,932	106,078
Pension scheme contributions		555,700	548,817	549,350
Resettlements and payments to visiting clergy		64,000	56,375	77,847
		2,677,600	2,640,556	2,601,457
Parsonages and board property	1	315,900	303,761	284,555
Central quota				
Training		99,300	97,142	98,606
National Church responsibilities		101,100	99,972	101,390
Pooling of support for married ordinands		13,100	13,128	37,846
Mission Agencies pension contributions		7,400	7,420	6,075
		220,900	217,662	243,917
Diocesan Practitioner Groups				
Education	2	89,000	89,418	68,162
Formation	3	242,500	207,450	204,446
Proclamation	4	65,900	59,660	53,469
Bishop's Advisers	5	10,800	18,031	15,519
		408,200	374,559	341,596
Diocesan Support Ministries				
Diocesan House administration	6	218,700	231,241	194,439
Parish Resources	7	47,800	41,738	39,974
Care of Churches	8	41,400	37,498	36,731
Synods	9	4,900	4,996	5,116
Legal and professional fees	10	41,000	37,367	37,695
Pastoral and Mission Resource		103,500	103,500	100,989
		457,300	456,340	414,944
Gross expenditure		4,079,900	3,992,878	3,886,469
Surplus for the year on budgeted activities		327,800	461,775	468,035

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

Notes to the General Fund Income and Expenditure Account
for the year ended 31 December 2004

1	Parsonages and board property expenditure	2004 Budget £	2004 Actual £	2003 Actual £
	Council tax	199,900	189,688	174,825
	Water charges	59,300	58,949	56,831
	Salaries	56,700	55,124	52,899
		315,900	303,761	284,555
2	Education	2004 Budget £	2004 Actual £	2003 Actual £
	Schools & General Purposes:			
	Staff payroll costs	74,200	76,604	62,236
	Officers' expenses	6,000	6,979	3,777
	Office administration	8,800	5,835	2,149
		89,000	89,418	68,162
3	Formation	2004 Budget £	2004 Actual £	2003 Actual £
	Childrens' and Youth Activities	57,300	48,579	49,007
	Training and Development	68,900	68,952	63,624
	Continuing Ministerial Education	29,500	27,328	21,642
	Reader Training	22,900	22,993	16,991
	Readers Committee	4,500	5,116	6,927
	Liturgy	500	-	-
	Spiritual Formation	13,600	13,100	12,788
	Womens' Ministry	200	132	193
	Bishop Phillpotts Library	4,000	4,868	3,412
	Secretarial and administration	600	119	126
		202,000	191,187	174,710
	Ordinands and newly ordained:			
	Diocesan Director of Ordinands expenses	800	720	173
	Support to Ordinands' families	39,700	15,333	28,767
	ABM conference fees and expenses	-	210	796
		40,500	16,263	29,736
	Total	242,500	207,450	204,446

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

Notes to the General Fund Income and Expenditure Account
for the year ended 31 December 2004

4 Proclamation

	2004 Budget £	2004 Actual £	2003 Actual £
Rural Link Officer	12,700	12,735	12,661
Evangelism	4,000	4,317	4,569
Unity	3,900	4,496	4,075
World Church	1,400	1,178	533
Social Responsibility	20,100	15,336	10,772
Family Life and Marriage Education (FLAME)	3,700	2,431	3,218
Communications	18,200	18,122	16,593
Visitors	400	211	148
Disability Issues and Training	1,500	834	900
	65,900	59,660	53,469

5 Bishops' Advisers

	2004 Budget £	2004 Actual £	2003 Actual £
Child Protection	6,800	11,138	5,742
Ministry of Deliverance	400	202	546
Ministry of Healing	300	620	3,677
Ministry to the Deaf	2,900	5,706	5,554
Ministry of Pastoral Care	400	365	-
	10,800	18,031	15,519

6 Diocesan House staff and administration

	2004 Budget £	2004 Actual £	2003 Actual £
Salaries	157,300	156,776	131,037
Payments to pensioners	4,900	4,867	4,747
Staff expenses	16,600	20,680	15,661
Accommodation costs	14,200	12,589	11,528
Printing, stationery and publications	10,300	10,992	10,387
Diocesan Directory and Handbook	-	(885)	397
Postages and telephone	13,400	13,219	13,483
Audit fees	5,200	5,153	4,756
Bank charges	2,000	1,760	1,844
Boards' and Committees' expenses	1,500	627	352
Office equipment	8,300	18,556	14,159
Recoverable costs	(15,000)	(13,093)	(13,912)
	218,700	231,241	194,439

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

Notes to the General Fund Income and Expenditure Account
for the year ended 31 December 2004

7 Parish Resources

	2004 Budget £	2004 Actual £	2003 Actual £
Staff salary costs	42,600	38,484	38,720
Office expenses	5,200	3,254	1,254
	47,800	41,738	39,974

8 Care of Churches

	2004 Budget £	2004 Actual £	2003 Actual £
Faculty fees	10,000	7,925	9,539
Staff payroll costs	26,300	24,380	22,804
General expenses	4,900	4,993	4,188
Incorporated Church Building Society grant	200	200	200
	41,400	37,498	36,731

9 Synods

	2004 Budget £	2004 Actual £	2003 Actual £
General Synod representatives expenses	3,800	3,951	3,685
Diocesan Synod expenses	1,100	1,045	1,431
	4,900	4,996	5,116

8 Legal and professional fees

	2004 Budget £	2004 Actual £	2003 Actual £
Chancellor's retainer	4,800	4,000	4,000
Registrar's retainer	40,000	38,716	38,209
National insurance	3,300	3,613	3,500
Church Commissioner's contribution	(17,000)	(17,959)	(17,696)
Diocesan Records Office	5,400	5,400	5,400
Digitised mapping of parish boundaries	2,000	1,286	1,330
General legal and professional costs	2,500	2,311	2,952
	41,000	37,367	37,695

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

Pastoral Account Income and Expenditure Account
for the year ended 31 December 2004

	2004 Budget £	2004 Actual £	2003 Actual £
Income			
Investment income	76,800	96,748	59,712
Marshall's Charity	4,300	8,450	10,950
Parsonages sundry income	-	2,614	4,446
Gross income	81,100	107,812	75,108
Expenditure			
Parsonages and board property:			
Repairs and minor improvements	305,100	294,032	324,881
Insurances	17,700	20,178	17,819
Rents	-	-	2,246
Management charges	-	19,790	14,928
Loan interest	9,700	9,674	9,411
Surveyor's expenses	9,900	8,064	9,219
Other administration	1,800	1,713	1,025
	344,200	353,451	379,529
Redundant churches and ruins	4,000	886	(1,817)
Diocesan House accommodation costs	4,200	5,519	4,434
Gross expenditure	352,400	359,856	382,146
(Deficit) for the year on budgeted activities	(271,300)	(252,044)	(307,038)

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

Glebe Income and Expenditure Account
for the year ended 31 December 2004

	2004 Budget £	2004 Actual £	2003 Actual £
Income			
Rents and wayleaves	259,000	256,956	250,894
Expenditure			
Repairs & improvements	5,000	6,428	5,741
Insurances	1,200	1,853	649
Management fees	23,000	22,913	21,150
Travelling expenses	2,500	2,460	1,773
Legal and professional fees	4,000	3,446	4,286
Bank charges	300	220	224
Sundry	200	1,028	174
	36,200	38,348	33,997
Surplus for the year transferred to General Income and Expenditure account	222,800	218,608	216,897

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

*The Diocese of Truro Education Trusts
Income and Expenditure Account
for the year ended 31 December 2004*

	£	2004 £	£	2003 £
Income				
Investment income		7,998		8,174
Interest received		2,630		4,854
Rents receivable		32,403		30,370
Contributions towards schools:				
Department for Education and Skills	1,324,775		1,369,091	
Local Education Authority	30,113		262,392	
School Governors	87,763		69,671	
		<u>1,442,651</u>		<u>1,701,154</u>
Sale of school		232,166		-
		<u>1,717,848</u>		<u>1,744,552</u>
Expenditure				
Payments in respect of various schools		1,518,256		1,874,517
Professional and legal fees		521		5,962
Sundry expenses		-		3,869
		<u>1,518,777</u>		<u>1,884,348</u>
Surplus/(deficit) for the year		<u>199,071</u>		<u>(139,796)</u>

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

Schools Maintenance Scheme Income and Expenditure Account
for the year ended 31 December 2004

	2004 £	2003 £
Income		
Premiums	17,972	16,429
Contributions from Department for Education and Skills and Local Education Authority	199,485	10,013
Contributions from School Governors	8,305	657
	<u>225,762</u>	<u>27,099</u>
Expenditure		
Quinquennial repairs and repainting	212,799	13,379
Insurances	13,671	13,605
	<u>226,470</u>	<u>26,984</u>
(Deficit)/surplus for the year	<u>(708)</u>	<u>115</u>