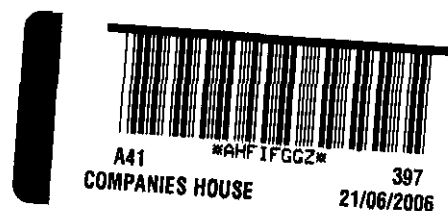


**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED  
(LIMITED BY GUARANTEE)**

FINANCIAL STATEMENTS

31 December 2005

Company registration number 49825  
Charity registration number 248330



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

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**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. C G Hardwick  
(appointed 24 September 2005)  
The Ven. R D C Whiteman # + ~ ^  
(retired 31 December 2005)  
The Ven. R C Bush (from 1 February 2006)  
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  
  
Vice Chairman of the Proclamation Practitioner Group

Mr J H Smith \*

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. D G Miller \*  
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  
Mr D A E Lawrence (died 13 January 2006)  
Major W K Jewell

*Co-Opted*

The Revd. Canon R C Bush

The Revd. C M Malkinson  
(appointed 15 April 2005)

- # 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)*

<b>Secretary to the Executive:</b>	Mrs S J Sturgess
<b>Registered Office:</b>	Diocesan House, Kenwyn, Truro.
<b>Email address :</b>	info@truro.anglican.org
<b>Web site:</b>	www.truro.anglican.org
<b>Company registration number:</b>	49825
<b>Charity registration number:</b>	248330
<b>Solicitors:</b>	Follett Stock, Truro Business Park, Truro.
<b>Auditors:</b>	Robinson Reed Layton, Peat House, Newham Road, Truro.
<b>Bankers:</b>	National Westminster Bank PLC, St Nicholas Street, Truro.
<b>Insurers:</b>	Ecclesiastical Insurance Group, Montpellier House, Montpellier, Gloucester
<b>Investment advisers:</b>	CCLA Investment Management Limited, 80 Cheapside, London EC2V 6DZ.
<b>Glebe estate manager:</b>	Stratton & Holborow, Lemon Villas, Truro.
<b>Schools' architect:</b>	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 2005.

**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.

The Reverend Christopher Malkinson was welcomed to his first Executive meeting in April.

In December, the Executive had to say goodbye to Archdeacon Rodney Whiteman who had served as a director longer than anyone and whose loving pastoral touch and deep wisdom was widely appreciated.

In January 2006, the Executive learned with deep sadness, of the death of Mr David Lawrence. He had served as a director for 8 years. He was also the Lay Chairman of St Austell deanery and, until just over a year ago he was Moderator of Readers.

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.

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

Report of the Directors (*continued*)

### **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 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 2005.

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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

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

Report of the Directors (*continued*)

**The Directors' responsibilities** (*continued*)

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.

**Statement of disclosure to auditor**

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**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 222 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.

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

Report of the Directors (*continued*)

**Related parties (*continued*)**

Truro Cathedral Limited (formerly 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. 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 £408,000 (2004: £650,000); a surplus of £94,000 (2004: £210,000) arose on budgeted activities and a surplus of £314,000 (2004: £440,000) arose on other items. The detailed Statement of Financial Activities for the year is shown on page 13.

The surplus on budgeted activities comprises:

	Actual £000's	Budget £000's
Income:		
Common Fund	3,136	3,193
Grants from National Church Institutions	626	647
Investment income (including rents)	576	560
Assigned fees	257	254
Donations from Ecclesiastical Insurance Group & others	112	117
Other income	189	138
	<hr/>	<hr/>
	4,896	4,909
	<hr/>	<hr/>
Expenditure:		
The Ministry in Parishes:		
Stipends and related costs	2,885	2,912
Housing costs	689	706
Support for Ministry in Parishes	570	658
Pastoral and Mission Resource	107	107
National Church responsibilities	163	163
Glebe and rented parsonage houses costs	62	36
Diocesan support ministries	326	319
	<hr/>	<hr/>
	4,802	4,901
	<hr/>	<hr/>
Surplus for the year on budgeted activities	94	8
	<hr/>	<hr/>

Actual income was £13,000 less than Budget.

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



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

Report of the Directors (*continued*)

**Financial review** (*continued*)

The Board's second largest single source of income is the block grant from the Church Commissioners which increased from £450,264 in 2004 to £588,714 in 2005. This Diocese has significantly benefited from the Commissioners policy of shifting the balance of their support towards poorer dioceses. The directors are extremely grateful for this support and recognise the sacrifice of wealthier dioceses which have had their support cut or removed altogether to make this possible. The Company also received £43,200 from the Archbishops' Council's programme for supporting parish mission funding. In 2005, the Board awarded and paid claims from parishes, deaneries and other groups totalling £18,056. The unspent balance of £25,144 is carried forward but is already earmarked for projects which will mature in 2006.

Investment income (including rents from Glebe and board property) returned £16,000 more than budget. This surplus includes invested unbudgeted proceeds realised from the sale of parsonage houses and Glebe and from accruing surpluses on budgeted activities.

The directors are particularly grateful to the Allchurches Trust Limited (the Ecclesiastical Insurance Group's parent company and registered charity) for a further generous grant of £66,890 (2004; £64,715): this includes a special one-off grant of £5,890 (2004; £5,780) which has been set aside to fund a new project or initiative yet to be decided. The Company is also thankful for the Cornwall Community Foundation's contribution of £4,791 (2004; £5,000) to support the work of the Youth Officer, the Social Responsibility Adviser and the Child Protection Officer.

Vacant parsonage houses that are unlikely to be required again for clergy occupation, but are not yet ready to be sold, generated rents totalling £122,400 (2004; £114,544) against an overly conservative budget of £77,900.

Actual expenditure was £99,000 less than budget.

Stipends and related costs (£2.9M) were underspent by £27,000 as the overall decline in clergy numbers planned in the long term *People of God* strategy, continued. The housing budget of £706,000 was underspent by £17,000. The less-than-feared 2005/06 council tax increase and the redirection of council tax and water bills to the tenants of rented houses were contributory factors. 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 £570,000 (2004; £556,000) was £88,000 less than budget. The main reasons for this are two-fold. Firstly, the way Training & Development is organised is undergoing wholesale change so that it can deliver more effectively and efficiently and consistently with the needs identified by the *People of God* initiative. In the meantime, traditional spending patterns have been disrupted - not least, there has been no rush to fill the vacancy left by the Reader Training Officer who left his post in May. Secondly, the take-up of grants available to deaneries and parishes for Mission purposes was slower than anticipated; as noted earlier, only £18,056 of the £43,200 designated was actually distributed in 2005.

Following the retirement of its part-time volunteer ecumenical officer, Churches Together in Cornwall (CTC), recognising the growth in ecumenical activity in the Diocese, appointed a full-time, salaried officer on 1 July. As a member of CTC, the Company has willingly increased its contribution to support this initiative.

The Company is also pleased to fund its share of the cost of a part-time Chaplain, appointed on 1 September, to the Tremough campus of the new Combined University of Cornwall.

The directors very much appreciate the modest savings diocesan officers have achieved by vigilant control of their budget spending.

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 2005, provision was increased from £103,500 to £106,600 to help to alleviate the acute difficulties some parishes were still facing meeting their Common Fund shares.

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

Report of the Directors (*continued*)

**Financial review (*continued*)**

Diocesan Support Ministries is marginally overspent by £7,000. Continuing to patch up an antiquated computer system which has evolved in makeshift fashion as the demands at Diocesan House have developed over recent years, has again proved expensive - so much so, that the Executive authorised a complete network upgrade (hardware and software) to be costed into the 2006 Budget.

The detailed General Fund Income and Expenditure Account on page 36 and the Pastoral Income and Expenditure Account on page 41 reviews the Company's performance against budget in greater detail.

The surplus on unbudgeted activities comprises:

	£000's
Realised gains on sales of parsonage houses	150
Realised gains on sales of Glebe land	51
Realised losses on sales of investments	(8)
Surplus on The Diocese of Truro Education Trusts	108
Surplus on Schools Maintenance Scheme	3
Stipends Capital Account – release of covenant	10
	<hr/>
	314
	<hr/>

Parsonage houses at Lanteglos-by-Fowey and Penponds were sold in the year.

Glebe sales were completed at Morval, Looe, St Gennys and St Columb Major.

The detailed Income and Expenditure Account for The Diocese of Truro Education Trusts is set out on page 43. The surplus for the year includes the Trusts share of £65,660 from the net gain on the sale of the old school at Wendron. The old school at Grampound Road was also sold in the year but the Trusts were not entitled to retain the proceeds in this case.

The detailed Income and Expenditure Account for the Schools Maintenance Scheme is set out on page 44.

**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 CBF 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). In 2005, the Executive approved 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 72% of the total value of the Company's investments of £4.8 Million (excluding Glebe) at 31 December 2005 (see note 21). The total capital and income return for the year for each of these Funds were 19.6% and 17.1% respectively, statistics which the Executive consider to be satisfactory in the light of prevailing market conditions.

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

Report of the Directors (*continued*)

**Investment powers, policy and performance (*continued*)**

Glebe property is professionally valued on an open market existing use basis every 5 years to establish market value. The portfolio was last revalued 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. This means that the Company needs reserves to:

- cover short term working capital deficiencies
- provide funds for major expenditure such as clergy housing
- ensure strategic objectives and opportunities are not deterred for lack of resources

The cost of funding pensions is expected to continue to escalate beyond the next triennial actuarial reviews of the clergy funded scheme due in December 2006 and the lay staff scheme due in December 2007. Locally, the Company remains anxious about the financial position of 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 £3.6 Million (2004: £4.1 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.

**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 2005 was £3,192,700, an increase of 3.5% on the previous year. Of this £3,135,887 was received, 98.2% (2004: £3,024,397, 97.6%). 165 (2004: 170) 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 5.6% on 1 April 2005 to £19,360. This increase includes the first part of the national policy to increase the stipends of clergy of incumbent status by an additional 4.3% over the normal cost of living increase over two years.

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 rose from 29.5% of stipend to 33.8% from 1 April 2005. A further substantial increase in pension costs is already being widely predicted after the next triennial review in December 2006.

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

Report of the Directors (*continued*)

**Stipends and pensions (*continued*)**

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**

During 2005, the Diocese launched its strategy document *A Channel of Blessing to Others* as a follow-up to the *People of God* initiative launched in 2001. This document has now received the approval of the Diocesan Synod, and a number of the recommendations within the report form the basis of the budget for 2006. The report recommends the continuation of the policy to reduce the number of stipendiary clergy by approximately one third over a 10-year period, whilst continuing to encourage and train lay people for ministry. It also highlights the need to move from maintenance to mission; to facilitate this, the Bishop has seconded the Reverend Canon David White to serve half-time as the Diocesan Director of Mission, alongside his continuing role as Vicar of St Austell.

The first part of Aspiration 2, to increase the stipends of clergy of incumbent status by an additional 4.3% over the normal cost of living increase, was introduced in April 2005. The second part of this increase will be given to clergy in April 2006. Although Aspiration 3, a further above inflation increase in stipends, remains on the national agenda, it is unlikely that the Diocese will be able to adopt this recommendation from the report *Generosity and Sacrifice*. More recently there have been reports that major increases in pension contributions for stipendiary clergy may be required from 2008, which will obviously take preference.

Guaranteed annuities and other special payments made by the Church Commissioners to support stipends have been abolished from 1 January 2006, with the resultant saving to be redistributed to Dioceses selectively according to their relative wealth. As one of the poorer Dioceses, Truro is likely to receive an increased allocation which will at least compensate for its loss of these special payments.

As has been reported elsewhere, the Common Fund formula was revised, and the new formula introduced from 2005. The collection rate during 2005 of 98.2% indicates the widespread acceptance of the formula by the parishes. Under the rules for the formula, Common Fund for 2006 has been calculated as an increase for all parishes of 3½%, except for those 38 parishes that are still operating under the transitional rules to assist them as they move towards the new formula. The Pastoral and Mission Resource has been renamed Pastoral Resource, and will now be used entirely to assist those parishes struggling to meet their Common Fund; this is because we have received assurances that the Archbishops' Council's Mission Fund grant will be available for Dioceses for at least the next two years for them to use to support local mission initiatives.

Within Diocesan House, the property department is changing with the appointment of a Director of Property Services and new support staff. This change follows the retirements of Richard Thomas, the Company's longest serving employee, and Rose Wellington his secretary. The department's workload will be expanded to include the provision of building project management services to our Church schools. This work will be channelled through the Company's newly formed, wholly owned trading subsidiary – Diocese of Truro Enterprises Limited - with profits being gift-aided to the Company.

Funding from Central Government for Church school buildings continues to be plentiful compared with the leaner years of ten years or so ago. The next major use of Education Trust reserves will be to provide the Governors 10% contribution towards the cost of a replacement school at St Issey (building to commence in 2006), and at St Tudy (building hopefully to commence in 2007).

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

Report of the Directors (*continued*)

**Future developments** (*continued*)

Finally, the Budget for 2006 also provides for an upgrading of the computer system within Diocesan House, involving the replacement of the server and ensuring that all staff are able to work on the same versions of operating system and other software.

**Post balance sheet event**

The Company owns the whole of the issued ordinary share capital, consisting of 100 ordinary shares of £1 each, of Diocese of Truro Enterprises Limited (DOTE), which was incorporated on 25 October 2005 for the purpose of providing building project management services to Church of England affiliated organisations (initially to the Governors of Church schools) in the Diocese. DOTE is expected to commence trading early in 2006.

On 17 January 2006, the Company agreed to provide a loan facility of up to £25,000 to DOTE. At the Company's discretion, DOTE will be allowed to draw down from this sum in instalments of amount and timing just sufficient to maintain its solvency. The running debt balance will be secured as far as possible by a floating charge over DOTE's assets and will incur a compound interest charge of 5% on the outstanding balance. The loan is to be repaid in full not later than 17 January 2008.

**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

23 March 2006

**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 2005 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

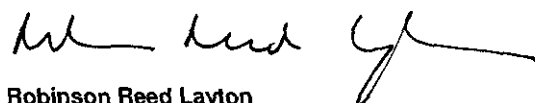
*Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs at 31 December 2005 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

23 March 2006

**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 2005

	Note	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
<b>Incoming resources</b>						
Donations and similar incoming resources:						
Common Fund shares		3,135,887	-	-	3,135,887	3,024,397
Grants from national church institutions	4	625,517	-	-	625,517	538,303
Other donations and similar incoming resources	5	109,083	1,202,218	10,000	1,321,301	1,766,772
Incoming resources from operating activities	6	320,220	18,576	-	338,796	309,540
Investment income	7	568,250	61,288	-	629,538	611,672
Other incoming resources	8	122,400	65,660	150,022	338,082	399,817
<b>Total incoming resources</b>		<b>4,881,357</b>	<b>1,347,742</b>	<b>160,022</b>	<b>6,389,121</b>	<b>6,650,501</b>
<b>Resources expended</b>						
Costs of generating funds	9	40,921	20,660	-	61,581	63,657
Charitable expenditure						
Grants payable:	10					
National church responsibilities		163,490	-	-	163,490	120,520
General		106,599	350	-	106,949	103,850
Costs of activities and support of activities:						
Ministry in parishes	11	3,527,358	46,771	-	3,574,129	3,335,056
Support for ministry in parishes	12	565,107	1,226,055	-	1,791,162	2,300,502
Management and administration	13	320,552	5,980	-	326,532	300,872
<b>Total resources expended</b>		<b>4,724,027</b>	<b>1,299,816</b>	<b>-</b>	<b>6,023,843</b>	<b>6,224,457</b>
<b>Net incoming resources before transfers</b>		<b>157,330</b>	<b>47,926</b>	<b>160,022</b>	<b>365,278</b>	<b>426,044</b>
Transfers between funds	14	-	(875,646)	875,646	-	-
<b>Net incoming/(outgoing) resources for the year</b>		<b>157,330</b>	<b>(827,720)</b>	<b>1,035,668</b>	<b>365,278</b>	<b>426,044</b>
Net realised gains/(losses) on investment assets		(4,806)	(989)	48,668	42,873	223,550
<b>Net income/(expenditure) for the year</b>		<b>152,524</b>	<b>(828,709)</b>	<b>1,084,336</b>	<b>408,151</b>	<b>649,594</b>
Unrealised gains and losses on revaluation	15	276,612	118,681	1,781,778	2,177,071	9,640,280
<b>Net movement in funds</b>	16	<b>429,136</b>	<b>(710,028)</b>	<b>2,866,114</b>	<b>2,585,222</b>	<b>10,289,874</b>
Fund balances at 1 January 2005		6,320,509	1,716,100	46,722,017	54,758,626	44,468,752
<b>Fund balances at 31 December 2005</b>		<b>6,749,645</b>	<b>1,006,072</b>	<b>49,588,131</b>	<b>57,343,848</b>	<b>54,758,626</b>

The Company's results derived entirely from continuing activities.

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

Balance Sheet.  
 at 31 December 2005

	Note	£	2005 £	£	2004 £
<b>Fixed assets</b>					
Tangible assets	20		<b>44,971,697</b>		42,491,358
Investments	21		<b>9,811,439</b>		9,576,840
			<hr/>		<hr/>
			<b>54,783,136</b>		52,068,198
<b>Current assets</b>					
Debtors	22	<b>868,599</b>		995,570	
Short term deposits	23	<b>3,009,185</b>		2,728,447	
Cash at bank and in hand		<b>1,191</b>		4,168	
		<hr/>	<hr/>	<hr/>	<hr/>
		<b>3,878,975</b>		<b>3,728,185</b>	
<b>Creditors: amounts falling due within one year</b>					
Loans	24	<b>387,988</b>		520,384	
Amounts owed to group undertaking		<b>45</b>		-	
Other creditors		<b>909,977</b>		483,132	
		<hr/>	<hr/>	<hr/>	<hr/>
		<b>1,298,010</b>		<b>1,003,516</b>	
<b>Net current assets</b>					
			<hr/>	<hr/>	<hr/>
			<b>2,580,965</b>		2,724,669
<b>Total assets less current liabilities</b>					
			<hr/>	<hr/>	<hr/>
			<b>57,364,101</b>		54,792,867
<b>Creditors: amounts falling due after more than one year</b>					
Loans	24		<b>(20,253)</b>		(34,241)
<b>Net assets</b>					
			<hr/>	<hr/>	<hr/>
			<b>57,343,848</b>		54,758,626



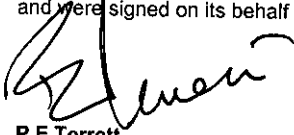
**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED  
(LIMITED BY GUARANTEE)**

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Balance Sheet (continued)  
at 31 December 2005

	Note	£	2005 £	£	2004 £
<b>Funds employed</b>					
<i>Unrestricted funds</i>	25				
General fund		3,381,981		3,050,845	
Board houses fund		3,314,000		3,216,000	
Other funds		53,664		53,664	
			<u>6,749,645</u>		<u>6,320,509</u>
<i>Restricted funds</i>	26				
Pastoral account		211,614		1,084,767	
Parsonage reserve fund		154,810		134,005	
Education Trusts		592,133		452,572	
Schools maintenance scheme		40,701		37,890	
Bishop Phillpotts Prize fund		6,814		6,866	
			<u>1,006,072</u>		<u>1,716,100</u>
<i>Expendable endowments</i>	27				
Parsonage houses fund		41,233,000		38,740,000	
Stipends capital account		8,355,131		7,982,017	
			<u>49,588,131</u>		<u>46,722,017</u>
			<u>57,343,848</u>		<u>54,758,626</u>
The <b>revaluation reserve</b> included in the above funds is	28		<u>42,792,920</u>		<u>41,506,749</u>

These financial statements were approved by the Executive on 23 March 2006 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 2005

	2005 £	2004 £
<b>Surplus for the year</b>	<b>408,151</b>	<b>649,594</b>
Unrealised gain on revaluation of freehold property	1,576,332	7,814,896
Unrealised gain on revaluation of investments	611,739	1,939,384
Unrealised loss on Equity Sharing loans	(11,000)	(114,000)
<b>Total recognised gains and losses since the last annual report</b>	<b><u>2,585,222</u></b>	<b><u>10,289,874</u></b>

Note of Historical Cost Surplus  
 for the year ended 31 December 2005

	2005 £	2004 £
<b>Surplus for the year</b>	<b>408,151</b>	<b>649,594</b>
Realisation of fixed asset revaluation gains of previous years	890,900	410,872
<b>Historical cost surplus for the year</b>	<b><u>1,299,051</u></b>	<b><u>1,060,466</u></b>

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

Cash Flow Statement  
 for the year ended 31 December 2005

	Note	£	2005 £	£	2004 £
<b>Net cash inflow from operating activities</b>	31		<b>793,193</b>		330,843
<b>Servicing of finance</b>					
Interest paid		(9,170)		(12,336)	
			<b>(9,170)</b>		(12,336)
<b>Capital expenditure and financial investment</b>					
Payments to acquire:					
Board property		-		(152,600)	
Parsonage houses		(1,823,668)		(52,504)	
Glebe property		(15,815)		(81,249)	
Office equipment		(36,246)		(8,905)	
Shares in subsidiary undertaking		(100)		-	
Other investments		(988)		(6,432)	
Receipts from sale of:					
Board property		-		384,107	
Parsonage houses		948,022		465,982	
Glebe property		122,738		329,600	
Investments		314,179		-	
			<b>(491,878)</b>		877,999
<b>Cash inflow before management of liquid resources and financing</b>			<b>292,145</b>		1,196,506
<b>Management of liquid resources and financing</b>					
<i>Management of liquid resources</i>					
(Increase) in short term deposits			(280,738)		(1,242,964)
<i>Financing</i>					
Loans from Church Commissioners repaid		(2,084)		(2,665)	
Loans from Central Board of Finance repaid		(12,300)		(12,300)	
			<b>(14,384)</b>		(14,965)
<b>(Decrease) in cash</b>	32 & 33		<b>(2,977)</b>		(61,423)

**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 £	2005 £	2004 £
Selective allocations	588,714	-	-	<b>588,714</b>	450,264
Clergy pensions transitional relief	38	-	-	<b>38</b>	15,925
Support of parish ministry and mission	18,056	-	-	<b>18,056</b>	54,155
Contribution to registrar's retainer	18,709	-	-	<b>18,709</b>	17,959
	<b>625,517</b>	-	-	<b>625,517</b>	538,303

**5 Other donations and similar incoming resources**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Allchurches Trust	61,000	-	-	<b>61,000</b>	58,935
Marshall's Charity	-	2,900	-	<b>2,900</b>	8,450
Contributions towards church schools:					
Department for Education and Skills	-	1,060,186	-	<b>1,060,186</b>	1,525,435
Cornwall County Council	-	12,163	-	<b>12,163</b>	28,938
School governors	-	123,664	-	<b>123,664</b>	96,068
Cornwall County Council (youth grant)	19,673	-	-	<b>19,673</b>	19,194
Donations from individuals	1,550	-	-	<b>1,550</b>	880
Other contributions	26,860	3,305	10,000	<b>40,165</b>	28,872
	<b>109,083</b>	<b>1,202,218</b>	<b>10,000</b>	<b>1,321,301</b>	1,766,772

**6 Incoming resources from operating activities**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Parochial fees	256,657	-	-	<b>256,657</b>	234,773
Other stipends income	49,125	-	-	<b>49,125</b>	43,702
School maintenance premiums	-	18,576	-	<b>18,576</b>	17,972
Recoverable costs	14,438	-	-	<b>14,438</b>	13,093
	<b>320,220</b>	<b>18,576</b>	-	<b>338,796</b>	309,540

**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 £	2005 £	2004 £
Dividends and interest	285,754	27,061	-	312,815	298,627
Rents:					
Board properties	26,584	-	-	26,584	23,686
Glebe estate	255,912	-	-	255,912	256,956
Redundant schools	-	34,227	-	34,227	32,403
	<b>568,250</b>	<b>61,288</b>	<b>-</b>	<b>629,538</b>	<b>611,672</b>

**8 Other incoming resources**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Realised gains on disposal of assets for the charity's own use	-	65,660	150,022	215,682	285,273
Rents from parsonage houses	122,400	-	-	122,400	114,544
	<b>122,400</b>	<b>65,660</b>	<b>150,022</b>	<b>338,082</b>	<b>399,817</b>

**9 Costs of generating funds**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Glebe: Outgoings	18,008	-	-	18,008	15,435
Management charges	22,913	-	-	22,913	22,913
Let vacant parsonages: Outgoings	-	-	-	-	5,519
Management charges	-	20,660	-	20,660	19,790
	<b>40,921</b>	<b>20,660</b>	<b>-</b>	<b>61,581</b>	<b>63,657</b>

**10 Grants payable**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
National Church Responsibilities	163,490	-	-	163,490	120,520
Pastoral and Mission Resource	106,599	-	-	106,599	103,500
Bishop Phillpotts Prayer Book Prize Fund	-	350	-	350	350
	<b>270,089</b>	<b>350</b>	<b>-</b>	<b>270,439</b>	<b>224,370</b>

**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 £	2005 £	2004 £
Archdeacons, incumbents, assistant clergy and authorised lay ministers stipends, national insurance and pension contributions	2,776,070	-	-	2,776,070	2,584,181
Housing costs	642,543	46,771	-	689,314	631,903
Resettlement and associated costs	78,007	-	-	78,007	56,375
Other payments (CME)	30,738	-	-	30,738	27,328
Realised losses on disposal of assets for the charity's own use	-	-	-	-	35,269
	<b>3,527,358</b>	<b>46,771</b>	<b>-</b>	<b>3,574,129</b>	<b>3,335,056</b>

**12 Support for ministry in parishes**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Ministry Division of Archbishops' Council	93,646	-	-	93,646	97,142
Diocesan support for ordinands in training	14,435	-	-	14,435	16,263
Schools and education	166,525	1,220,983	-	1,387,508	1,904,417
Training and development	89,614	-	-	89,614	91,945
Specialist ministries	66,442	-	-	66,442	65,137
Social Responsibility	19,452	-	-	19,452	17,767
Diocesan Advisory Committee	29,259	-	-	29,259	29,573
Diocesan Synod	1,256	-	-	1,256	1,045
Chancellor's and registrar's retainers	48,107	-	-	48,107	46,329
Faculty fees	9,728	-	-	9,728	7,925
Communications	19,689	-	-	19,689	18,122
Redundant church expenditure	-	5,072	-	5,072	886
General Synod members' expenses	6,954	-	-	6,954	3,951
	<b>565,107</b>	<b>1,226,055</b>	<b>-</b>	<b>1,791,162</b>	<b>2,300,502</b>

**13 Management and administration**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Secretariat and administration costs	302,799	5,024	-	307,823	280,707
Payments to lay pensioners	5,014	-	-	5,014	4,867
Auditors' fees	5,299	-	-	5,299	5,153
Other professional fees	7,347	956	-	8,303	9,518
Committee and other expenses	93	-	-	93	627
	<b>320,552</b>	<b>5,980</b>	<b>-</b>	<b>326,532</b>	<b>300,872</b>



**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 £	2005 £	2004 £
Payments to acquire property	-	(1,823,668)	1,823,668	-	-
Receipts from sale of property	-	948,022	(948,022)	-	-
	-	(875,646)	875,646	-	-

**15 Unrealised gains and losses on revaluation**

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2005 £	2004 £
Revaluation of land and buildings	109,000	-	1,467,332	<b>1,576,332</b>	7,814,896
Revaluation of investments	178,612	118,681	314,446	<b>611,739</b>	1,939,384
Revaluation of Equity Sharing loans	(11,000)	-	-	<b>(11,000)</b>	(114,000)
	276,612	118,681	1,781,778	<b>2,177,071</b>	9,640,280

**16 Net movement in funds**

	2005 £	2004 £
This is stated after charging:		
Staff costs (note 17)	<b>481,442</b>	448,109
Operating lease rentals	<b>3,422</b>	4,654
Auditors' remuneration	<b>5,299</b>	5,153
Realised losses on disposals of tangible fixed assets	<b>6,125</b>	35,269
Realised losses on disposals of investment fixed assets	<b>8,112</b>	-
Depreciation of tangible fixed assets	<b>8,782</b>	7,897
Interest payable (note 18)	<b>9,170</b>	12,336
and after crediting:		
Realised gains on disposals of tangible fixed assets	<b>150,022</b>	53,107
Realised gains on disposals of investment fixed assets	<b>50,988</b>	223,550
Proceeds from sale of Church school	<b>65,660</b>	232,166
Income from listed investments	<b>70</b>	66

**17 Staff costs**

The average number of persons employed during the year, all in an administrative capacity, was 17 (2004: 16).

The aggregate payroll costs were as follows:

	2005 £	2004 £
Wages and salaries	<b>377,795</b>	354,389
Social security costs	<b>28,224</b>	25,601
Pension contributions	<b>75,423</b>	68,119
	<b>481,442</b>	448,109

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 114 (2004: 115) 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**

	2005 £	2004 £
On loans repayable within five years:		
Church Commissioners	6,632	9,674
Central Board of Finance of the Church of England	2,110	2,110
On loans repayable after five years:		
Church Commissioners	428	552
	<u>9,170</u>	<u>12,336</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 2005	42,462,000	68,605	42,530,605
Additions	1,823,668	36,246	1,859,914
Disposals	(941,000)	(24,891)	(965,891)
Revaluation adjustment	1,576,332	-	1,576,332
At 31 December 2005	<u>44,921,000</u>	<u>79,960</u>	<u>45,000,960</u>
<i>Depreciation</i>			
At 1 January 2005	-	39,247	39,247
Disposals	-	(18,766)	(18,766)
Charge for year	-	8,782	8,782
At 31 December 2005	<u>-</u>	<u>29,263</u>	<u>29,263</u>
<i>Net book value</i>			
At 31 December 2005	<u>44,921,000</u>	<u>50,697</u>	<u>44,971,697</u>
At 31 December 2004	<u>42,462,000</u>	<u>29,358</u>	<u>42,491,358</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 2005	3,216,000	38,740,000	506,000	<b>42,462,000</b>
Additions	-	1,823,668	-	<b>1,823,668</b>
Disposals	-	(798,000)	(143,000)	<b>(941,000)</b>
Revaluation adjustment	98,000	1,467,332	11,000	<b>1,576,332</b>
At 31 December 2005	<u>3,314,000</u>	<u>41,233,000</u>	<u>374,000</u>	<u><b>44,921,000</b></u>

Parsonage houses, board property and property equity shared with the Church Commissioners were valued, on 31 December 2005, 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 2005	1,110,085	4,849,396	204,178	<b>6,163,659</b>
Additions	-	1,823,668	-	<b>1,823,668</b>
Disposals	-	-	(75,271)	<b>(75,271)</b>
At 31 December 2005	<u>1,110,085</u>	<u>6,673,064</u>	<u>128,907</u>	<u><b>7,912,056</b></u>

The Company, acting as custodian trustee, also holds freehold property to the value of £226,600 (2004: £220,000). The historical cost is £6,200 (2004: £6,200). This is not included in these financial statements.

**21 Investments (held as fixed assets)**

	Shares in subsidiary undertaking £	Freehold investment property (Glebe) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation:</i>					
At 1 January 2005	-	5,040,000	2,630	4,534,210	<b>9,576,840</b>
Additions	100	15,815	139	849	<b>16,903</b>
Disposals	-	(71,750)	-	(322,293)	<b>(394,043)</b>
Revaluation adjustment	-	-	1	611,738	<b>611,739</b>
At 31 December 2005	<u>100</u>	<u>4,984,065</u>	<u>2,770</u>	<u>4,824,504</u>	<u><b>9,811,439</b></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)**

The Company owns the whole of the ordinary share capital, consisting of 100 ordinary shares of £1 each, of Diocese of Truro Enterprises Limited, which was incorporated on 25 October 2005 for the purpose of providing building project management services to Church of England affiliated organisations in the Diocese. As Diocese of Truro Enterprises Limited is not expected to commence trading until 2006, consolidated financial statements have not been prepared.

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. Subsequent additions are shown at cost and disposals are shown at their 2004 valuation. The directors do not believe there has been a material change in the value of the remaining Glebe property since the last professional valuation. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1978.

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	£ 630,692
The CBF Church of England Investment Fund	2,142,584
The CBF Church of England Property Fund	1,342,319
COIF Charities Investment Fund	311,480
M&G "Charifund"	397,427

The corresponding historical cost figures are:

	Shares in group undertaking	Freehold investment property (Glebe)	Listed investments	Unlisted investments	Total
	£	£	£	£	£
<i>At cost:</i>					
At 1 January 2005	-	377,458	1,775	3,687,376	<b>4,066,609</b>
Additions	100	15,815	139	849	<b>16,903</b>
Disposals	-	-	-	(301,141)	<b>(301,141)</b>
At 31 December 2005	<u>100</u>	<u>393,273</u>	<u>1,914</u>	<u>3,387,084</u>	<u><b>3,782,371</b></u>

The Company, acting as custodian trustee, also holds investments to the value of £1,751,087 (2004: £2,019,576) for the benefit of local parishes. The historical cost of these investments is £953,035 (2004: £1,399,453). These investments are not included in these financial statements.

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

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

**22 Debtors**

	2005 £	2004 £
<i>Amounts falling due within one year</i>		
Contributions towards Church schools	321,229	312,912
Loans to parishes and others	13,400	13,400
Proceeds from sale of property held by Church Commissioners	336,623	336,623
Other debtors including Glebe rents and clergy assigned fees	174,687	298,889
Prepayment - pension scheme deficiency	2,186	2,186
	<u>848,125</u>	<u>964,010</u>
<i>Amounts falling due after more than one year</i>		
Loans to parishes and others	16,100	25,000
Prepayment - pension scheme deficiency	4,374	6,560
	<u>868,599</u>	<u>995,570</u>

**23 Short term deposits**

	2005 £	2004 £
The CBF Church of England Deposit Fund	3,347,190	2,887,079
COIF Charities Deposit Fund	394,025	194,337
The Church Commissioners for England	100	690
National Westminster Bank PLC	103,646	79,494
	<u>3,844,961</u>	<u>3,161,600</u>
Less: attributable to local trust funds	(835,776)	(433,153)
	<u>3,009,185</u>	<u>2,728,447</u>

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

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

**24 Loans**

	2005 £	2004 £
Church Commissioners:		
Equity Sharing Loans (interest payable by quarterly instalments over 20 years at 5% of capital balance)	374,000	506,000
Permanent Housing Loans (repayable by quarterly instalments over 25 years, interest at 5% of reducing capital balance)	7,241	9,325
The Central Board of Finance of the Church of England (CBF):		
Church Schools fund loan (interest-free, repayable over 20 years)	3,000	3,300
The CBF Diocesan Loan Scheme (repayable by half-yearly instalments of £6,000 over 5 years, interest at 5.35% subject to annual review)	24,000	36,000
	<b>408,241</b>	554,625
Amounts falling due within one year	<b>(387,988)</b>	(520,384)
Amounts falling due after more than one year	<b>20,253</b>	34,241

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 value of the underlying properties.

Permanent Housing Loans include £671 (2004: £1,290) 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 Church Schools fund loan was used to finance certain school building projects. It includes £1,500 (2004: £1,800) 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 Limited under matching terms and conditions and is therefore disclosed in debtors (note 22) and creditors. The principal activity of Truro Cathedral Limited is the operation of the Cathedral shop and refectory.

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

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

**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	3,050,845	4,881,357	(4,724,027)	173,806	-	3,381,981
Designated funds:						
Board Houses fund	3,216,000	-	-	98,000	-	3,314,000
Densham loan fund	35,000	-	-	-	-	35,000
Diocesan loan fund	18,664	-	-	-	-	18,664
	<u>6,320,509</u>	<u>4,881,357</u>	<u>(4,724,027)</u>	<u>271,806</u>	<u>-</u>	<u>6,749,645</u>

Analysis of net assets between funds at 31 December 2005:

	General Fund £	Board Houses Fund £	Densham Loan Fund £	Diocesan Loan Fund £	Total £
Tangible fixed assets	50,697	3,688,000	-	-	3,738,697
Investments	1,312,779	-	-	-	1,312,779
Net current assets/(liabilities)	2,036,058	(374,000)	35,000	18,664	1,715,722
Long term creditors	(17,553)	-	-	-	(17,553)
Total net assets	<u>3,381,981</u>	<u>3,314,000</u>	<u>35,000</u>	<u>18,664</u>	<u>6,749,645</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	1,084,767	14,167	(77,527)	65,853	(875,646)	211,614
Parsonage Reserve fund	134,005	-	-	20,805	-	154,810
Education Trusts	452,572	1,060,585	(951,995)	30,971	-	592,133
Schools maintenance scheme	37,890	272,755	(269,944)	-	-	40,701
Bishop Phillpotts Prize fund	6,866	235	(350)	63	-	6,814
	1,716,100	1,347,742	(1,299,816)	117,692	(875,646)	1,006,072

Analysis of net assets between funds at 31 December 2005:

	Pastoral account £	Parsonage reserve fund £	Education Trusts £	Schools Maintenance Scheme £	Bishop Phillpotts Prize Fund £	Total £
Investments	543,935	154,406	242,748	-	484	941,573
Net current assets	(332,321)	404	352,085	40,701	6,330	67,199
Long term creditors	-	-	(2,700)	-	-	(2,700)
Total net assets	211,614	154,810	592,133	40,701	6,814	1,006,072

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	38,740,000	150,022	-	1,467,332	875,646	<b>41,233,000</b>
Stipends capital account	7,982,017	10,000	-	363,114	-	<b>8,355,131</b>
	<b>46,722,017</b>	<b>160,022</b>	<b>-</b>	<b>1,830,446</b>	<b>875,646</b>	<b>49,588,131</b>

Analysis of net assets between funds at 31 December 2005:

	Parsonage Houses Fund £	Stipends Capital Account £	Total £
Tangible fixed assets	41,233,000	-	<b>41,233,000</b>
Investments	-	7,557,087	<b>7,557,087</b>
Net current assets	-	798,044	<b>798,044</b>
Total net assets	<b>41,233,000</b>	<b>8,355,131</b>	<b>49,588,131</b>

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	254,513	178,612	(19,702)	<b>413,423</b>
Board Houses fund	2,105,915	98,000	-	<b>2,203,915</b>
Pastoral account	58,342	66,669	(577)	<b>124,434</b>
Parsonage Reserve fund	38,912	20,805	-	<b>59,717</b>
Education Trusts	(40,110)	31,144	(392)	<b>(9,358)</b>
Bishop Phillpotts Prize fund	146	63	(20)	<b>189</b>
Parsonage Houses fund	33,890,604	1,467,332	(798,000)	<b>34,559,936</b>
Stipends Capital account	5,198,427	314,446	(72,209)	<b>5,440,664</b>
	<b>41,506,749</b>	<b>2,177,071</b>	<b>(890,900)</b>	<b>42,792,920</b>

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED**  
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Notes (continued)  
 (forming part of the financial statements)

**28 Revaluation reserve (continued)**

Analysis of net assets between funds at 31 December 2005:

	Tangible fixed assets £	Investments £	Total £
General fund	-	413,423	<b>413,423</b>
Board Houses fund	2,203,915	-	<b>2,203,915</b>
Pastoral account	-	124,434	<b>124,434</b>
Parsonage Reserve fund	-	59,717	<b>59,717</b>
Education Trusts	-	(9,358)	<b>(9,358)</b>
Bishop Phillpotts Prize fund	-	189	<b>189</b>
Parsonage Houses fund	34,559,936	-	<b>34,559,936</b>
Stipends Capital account	-	5,440,664	<b>5,440,664</b>
	<u>36,763,851</u>	<u>6,029,069</u>	<u><b>42,792,920</b></u>

**29 Commitments**

	2005 £	2004 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for:		
Parsonage houses	-	30,000
Church Schools (through traditional funding procurement)	<b>22,000</b>	4,000
Church Schools (through Private Finance Initiative funding):		
Due to expire in 2026	<b>388,000</b>	403,000
Due to expire in 2031	<b>132,500</b>	-
Expenditure authorised but not contracted for:		
Parsonage house	<b>420,000</b>	-
Church Schools (through traditional funding procurement)	<b>399,000</b>	160,000
	<u><b>1,361,500</b></u>	<u><b>597,000</b></u>

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

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED**  
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Notes (continued)  
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**30 Pensions**

*Clergy*

The Company participates in the Church of England Funded Pensions Scheme and employs 115 members of the Scheme out of a total membership of approximately 10,000 active members.

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. This revealed a shortfall of £91M, with assets of £196M and a funding target of £287M, assessed using the following assumptions:

- investment return 6.8% per annum
- increase in pensionable stipends 3.8% per annum
- pension increases 3.8% per annum

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. Following the results of the valuation, the Company's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

*Lay*

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

At 31 December 2005, the Company had 17 active members and 4 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 2004 and the Company's contribution rate was revised to 27.86% of pensionable salaries with effect from 1 January 2006. The next valuation of the Scheme will be carried out as at 31 December 2007.

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

	2005 £	2004 £
Surplus for the year	408,151	649,594
Depreciation	8,782	7,897
Profit on sale of fixed assets	(201,011)	(276,657)
Loss on sale of fixed assets	14,237	35,269
Interest payable	9,170	12,336
Decrease in loans to parishes and others	8,900	66,635
Decrease/(increase) in debtors	118,071	(173,472)
Increase in creditors	426,893	9,241
Net cash inflow from operating activities	<u>793,193</u>	<u>330,843</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**

	2005 £	2004 £
(Decrease) in cash in year	(2,977)	(61,423)
Cash outflow from decrease in debt and lease financing	14,384	14,965
Cash outflow from movement in short term deposits	280,738	1,242,964
	<u>292,145</u>	<u>1,196,506</u>
Decrease/(increase) in equity sharing loans	132,000	(114,000)
	<u>424,145</u>	<u>1,082,506</u>
Movement in net funds in the year	424,145	1,082,506
Net funds at beginning of the year	2,177,990	1,095,484
Net funds at end of the year (note 33)	<u>2,602,135</u>	<u>2,177,990</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	4,168	(2,977)		1,191
Debts due within one year	(520,384)	396	132,000	(387,988)
Debts due after more than one year	(34,241)	13,988		(20,253)
		<u>14,384</u>		
Short term deposits	2,728,447	280,738		3,009,185
Total	<u>2,177,990</u>	<u>292,145</u>	<u>132,000</u>	<u>2,602,135</u>

**34 Transactions with directors**

The directors derive no financial benefit for their services as directors other than the re-imbursement of their out-of-pocket expenses. In 2005, 3 directors were paid £2,559 (2004; 3 directors £2,553). 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 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 TRURO DIOCESAN BOARD OF FINANCE LIMITED  
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Notes (continued)  
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**35 Post balance sheet event**

On 17 January 2006, the Company agreed to provide a loan facility of up to £25,000 to its wholly owned subsidiary company, Diocese of Truro Enterprises Limited (DOTE). At the Company's discretion, DOTE will be allowed to draw down from this sum in instalments of amount and timing just sufficient to maintain its solvency. The running debt balance will be secured as far as possible by a floating charge over DOTE's assets and will incur a compound interest charge of 5% on the outstanding balance. The loan is to be repaid in full not later than 17 January 2008.

**The following information on pages 36 to 44 inclusive  
does not form part of the audited statutory financial statements**

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED  
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General Fund Income and Expenditure Account  
for the year ended 31 December 2005

	Note	2005 Budget £	2005 Actual £	2004 Actual £
<b>Income</b>				
Common fund		3,192,700	3,135,887	3,024,397
Church Commissioners allocations		587,800	588,752	466,189
Archbishops' Council Mission Grants		43,200	18,056	54,155
Glebe rents (net) (see page 42)		217,100	214,991	218,608
Assigned fees		254,500	256,657	234,773
Other stipends income		45,100	49,125	43,702
Investment income		209,600	285,754	191,026
Grants from Ecclesiastical Insurance Group and others		88,000	86,000	82,693
Board property rents		24,500	26,584	23,686
Parsonages rents		77,900	122,400	114,544
Donations		1,300	1,550	880
<b>Gross income</b>		<b>4,741,700</b>	<b>4,785,756</b>	<b>4,454,653</b>
<b>Expenditure</b>				
<b>The Ministry</b>				
Gross stipends		2,031,100	2,017,599	1,923,432
National Insurance contributions		118,800	119,656	111,932
Pension scheme contributions		652,000	638,815	548,817
Resettlements and payments to visiting clergy		78,300	78,007	56,375
		<b>2,880,200</b>	<b>2,854,077</b>	<b>2,640,556</b>
<b>Parsonages and board property</b>	1	<b>662,000</b>	<b>642,543</b>	<b>303,761</b>
<b>Central quota</b>	2	<b>263,500</b>	<b>257,136</b>	<b>217,662</b>
<b>Diocesan Practitioner Groups</b>				
Education	3	99,100	93,836	89,418
Formation	4	235,700	190,981	207,450
Proclamation	5	72,300	67,061	59,660
Bishop's Advisers	6	19,000	15,428	18,031
		<b>426,100</b>	<b>367,306</b>	<b>374,559</b>
<b>Diocesan Support Ministries</b>				
Diocesan House administration	7	239,900	248,178	231,241
Parish Resources	8	49,900	50,589	41,738
Care of Churches	9	44,700	38,987	37,498
Synods	10	4,900	8,210	4,996
Legal and professional fees	11	40,400	36,745	37,367
Pastoral and Mission Resource		106,600	106,599	103,500
Archbishops' Council Mission Fund		43,000	18,056	-
		<b>529,400</b>	<b>507,364</b>	<b>456,340</b>
<b>Gross expenditure</b>		<b>4,761,200</b>	<b>4,628,426</b>	<b>3,992,878</b>
<b>(Deficit)/surplus for the year on budgeted activities</b>		<b>(19,500)</b>	<b>157,330</b>	<b>461,775</b>

**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 2005

<b>1</b>	<b>Parsonages and board property expenditure</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
	Repairs and minor improvements	297,800	292,413	-
	Council tax	203,900	191,319	189,688
	Water charges	66,300	64,942	58,949
	Insurances	16,500	21,422	-
	Loan interest	6,300	6,632	-
	Salaries	69,400	64,395	55,124
	Other administration	1,800	1,420	-
		<b>662,000</b>	<b>642,543</b>	<b>303,761</b>
<b>2</b>	<b>Central quota</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
	Training	99,900	93,646	97,142
	National Church responsibilities	104,300	104,341	99,972
	Pooling of support for married ordinands	17,900	17,824	13,128
	Mission Agencies pension contributions	7,400	7,356	7,420
	Church Housing Assistance for Retired Clergy (CHARM)	34,000	33,969	-
		<b>263,500</b>	<b>257,136</b>	<b>217,662</b>
<b>3</b>	<b>Education</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
	Schools & General Purposes:			
	Staff payroll costs	80,500	80,368	76,604
	Officers' expenses	8,000	6,350	6,979
	Office administration	10,600	7,118	5,835
		<b>99,100</b>	<b>93,836</b>	<b>89,418</b>



**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 2005

<b>4 Formation</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
Childrens' and Youth Activities	55,300	51,156	48,579
Training and Development	76,000	59,357	68,952
Continuing Ministerial Education	31,500	30,738	27,328
Reader Training	34,600	12,201	22,993
Readers Committee	5,400	4,219	5,116
Liturgy	600	-	-
Spiritual Formation	14,400	13,981	13,100
Womens' Ministry	300	214	132
Bishop Phillpotts Library	5,000	4,482	4,868
Secretarial and administration	300	198	119
	<b>223,400</b>	<b>176,546</b>	<b>191,187</b>
<i>Ordinands and newly ordained:</i>			
Diocesan Director of Ordinands expenses	800	546	720
Support to Ordinands' families	10,500	13,198	15,333
ABM conference fees and expenses	1,000	691	210
	<b>12,300</b>	<b>14,435</b>	<b>16,263</b>
<b>Total</b>	<b>235,700</b>	<b>190,981</b>	<b>207,450</b>

<b>5 Proclamation</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
Rural Link Officer	13,800	13,092	12,735
Evangelism	4,800	3,213	4,317
Unity	9,300	7,233	4,496
World Church	2,500	4,078	1,178
Social Responsibility	16,800	15,975	15,336
Family Life and Marriage Education (FLAME)	3,700	3,477	2,431
Communications	19,300	19,689	18,122
Visitors	500	-	211
Disability Issues and Training	1,600	304	834
	<b>72,300</b>	<b>67,061</b>	<b>59,660</b>

<b>6 Bishop's Advisers</b>	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
Child Protection	14,400	11,303	11,138
Ministry of Deliverance	600	541	202
Ministry of Healing	600	(404)	620
Ministry to the Deaf	2,900	3,848	5,706
Ministry of Pastoral Care	500	140	365
	<b>19,000</b>	<b>15,428</b>	<b>18,031</b>

**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 2005

7	<b>Diocesan House staff and administration</b>	2005	2005	2004
		<b>Budget</b> £	<b>Actual</b> £	<b>Actual</b> £
	Salaries	171,500	168,397	156,776
	Payments to pensioners	5,000	5,014	4,867
	Staff expenses	20,400	15,449	20,680
	Accommodation costs	14,300	15,675	12,589
	Printing, stationery and publications	11,100	11,344	10,992
	Diocesan Directory and Handbook	-	653	(885)
	Postages and telephone	14,200	14,526	13,219
	Audit fees	5,000	5,299	5,153
	Bank charges	2,000	2,142	1,760
	Boards' and Committees' expenses	1,500	93	627
	Office equipment	9,900	24,024	18,556
	Recoverable costs	(15,000)	(14,438)	(13,093)
		<b>239,900</b>	<b>248,178</b>	<b>231,241</b>
8	<b>Parish Resources</b>	2005	2005	2004
		<b>Budget</b> £	<b>Actual</b> £	<b>Actual</b> £
	Staff salary costs	43,100	47,276	38,484
	Office expenses	6,800	3,313	3,254
		<b>49,900</b>	<b>50,589</b>	<b>41,738</b>
9	<b>Care of Churches</b>	2005	2005	2004
		<b>Budget</b> £	<b>Actual</b> £	<b>Actual</b> £
	Faculty fees	11,000	9,728	7,925
	Staff payroll costs	28,000	24,803	24,380
	General expenses	5,500	4,256	4,993
	Incorporated Church Building Society grant	200	200	200
		<b>44,700</b>	<b>38,987</b>	<b>37,498</b>
10	<b>Synods</b>	2005	2005	2004
		<b>Budget</b> £	<b>Actual</b> £	<b>Actual</b> £
	General Synod representatives expenses	3,800	6,954	3,951
	Diocesan Synod expenses	1,100	1,256	1,045
		<b>4,900</b>	<b>8,210</b>	<b>4,996</b>

**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 2005

**11 Legal and professional fees**

	<b>2005 Budget £</b>	<b>2005 Actual £</b>	<b>2004 Actual £</b>
Chancellor's retainer	4,800	4,000	4,000
Registrar's retainer	38,700	40,326	38,716
National insurance	3,400	3,781	3,613
Church Commissioner's contribution	(16,400)	(18,709)	(17,959)
Diocesan Records Office	5,400	5,400	5,400
Digitised mapping of parish boundaries	2,000	696	1,286
General legal and professional costs	2,500	1,251	2,311
	<b>40,400</b>	<b>36,745</b>	<b>37,367</b>

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

Pastoral Account Income and Expenditure Account  
for the year ended 31 December 2005

	2005 Budget £	2005 Actual £	2004 Actual £
<b>Income</b>			
Investment income	71,700	7,962	96,748
Marshall's Charity	8,800	2,900	8,450
Parsonages sundry income	-	3,305	2,614
<b>Gross income</b>	<b>80,500</b>	<b>14,167</b>	<b>107,812</b>
<b>Expenditure</b>			
Parsonages and board property:			
Repairs and minor improvements	44,000	46,771	294,032
Insurances	-	-	20,178
Management charges	-	20,660	19,790
Loan interest	-	-	9,674
Surveyor's expenses	-	-	8,064
Other administration	-	-	1,713
	<b>44,000</b>	<b>67,431</b>	<b>353,451</b>
Redundant churches and ruins	5,000	5,072	886
Diocesan House accommodation costs	3,900	5,024	5,519
<b>Gross expenditure</b>	<b>52,900</b>	<b>77,527</b>	<b>359,856</b>
<b>Surplus/(deficit) for the year on budgeted activities</b>	<b>27,600</b>	<b>(63,360)</b>	<b>(252,044)</b>

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

Glebe Income and Expenditure Account  
for the year ended 31 December 2005

	2005 Budget £	2005 Actual £	2004 Actual £
<b>Income</b>			
Rents and wayleaves	254,000	255,912	256,956
<b>Expenditure</b>			
Repairs and improvements	6,000	6,318	6,428
Insurances	800	1,418	1,853
Management fees	23,000	22,913	22,913
Travelling expenses	2,600	3,098	2,460
Legal and professional fees	4,000	6,468	3,446
Bank charges	300	227	220
Sundry	200	479	1,028
<b>Gross expenditure</b>	36,900	40,921	38,348
<b>Surplus for the year transferred to General Fund Income and Expenditure Account</b>	217,100	214,991	218,608

**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 2005

	£	2005 £	£	2004 £
<b>Income</b>				
Investment income		7,943		7,998
Interest received		10,921		2,630
Rents receivable		34,227		32,403
Contributions towards schools:				
Department for Education and Skills	830,737		1,324,775	
Local Education Authority	12,163		30,113	
School Governors	98,934		87,763	
		<b>941,834</b>		<b>1,442,651</b>
Sale of schools		65,660		232,166
<b>Gross income</b>		<b>1,060,585</b>		<b>1,717,848</b>
<b>Expenditure</b>				
Payments in respect of various schools		951,039		1,518,256
Professional and legal fees		956		521
Loss on sale of investments		173		-
<b>Gross expenditure</b>		<b>952,168</b>		<b>1,518,777</b>
<b>Surplus for the year</b>		<b>108,417</b>		<b>199,071</b>

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

Schools Maintenance Scheme Income and Expenditure Account  
for the year ended 31 December 2005

	2005 £	2004 £
<b>Income</b>		
Premiums	18,576	17,972
Contributions from Department for Education and Skills and Local Education Authority	229,449	199,485
Contributions from School Governors	24,730	8,305
<b>Gross income</b>	<b>272,755</b>	<b>225,762</b>
<b>Expenditure</b>		
Quinquennial repairs and repainting	255,688	212,799
Insurances	14,256	13,671
<b>Gross expenditure</b>	<b>269,944</b>	<b>226,470</b>
<b>Surplus/(deficit) for the year</b>	<b>2,811</b>	<b>(708)</b>