

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

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2013

FRIDAY



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**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

The Members of the Executive [who are the trustees of the Charity (for the purposes of charity law) and the directors of the Company (for the purposes of company law)] who served during the year and who were members at the date of this report were as follows:

President (ex officio)

The Rt. Revd. T M Thornton

Chairman (elected by the Members)

Mr R P Caudwell

Ex officio

The Rt. Revd. C D Goldsmith (appointed 19 May 2013)
The Very Revd. R C Bush (The Dean)
The Ven. W R Stuart-White (Archdeacon of Cornwall)
The Ven. A A Elkington (Archdeacon of Bodmin)

Elected by the relevant Houses of Diocesan Synod

Chairman of the House of Clergy

The Revd. A G Bashforth

Chairman of the House of Laity

Mrs S J Sturgess

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall

Archdeaconry of Bodmin

The Revd. C C McQuillen-Wright
The Revd. L A Walker

The Revd. R S Thewsey
The Revd. D K Barnes

Mr R Hopper
Mr R J Perry

Dr M J Todd
Mr R H Foulkes

Co-Opted

The Revd. Canon C M Malkinson
Group Captain P E Terrett OBE
Dr A Stanhope

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

LEGAL AND ADMINISTRATIVE INFORMATION *(continued)*

Secretary	Mrs E Pollard
Registered Office	Diocesan House Kenwyn Truro TR1 1JQ
Telephone	01872-274351
Email address	info@truro.anglican.org
Web site	www.trurodiocese.org.uk
Company registration number	00049825 (England and Wales)
Charity registration number	248330
Diocesan registrar	Mr M J Follett, Woodwater House, Pynes Hill, Exeter
Solicitors	Michelmores LLP, Woodwater House, Pynes Hill, Exeter Stephens Scown LLP, Osprey House, Malpas Road, Truro
Auditors	Robinson Reed Layton, Peat House, Newham Road, Truro
Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
Insurers	Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester
Investment advisers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London
Glebe estate manager	Smiths Gore, Lemon Villas, Truro

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The members of the Executive, in their capacity as directors for the purposes of company law, present their strategic report for the year ended 31 December 2013.

ACHIEVEMENTS AND PERFORMANCE

If ever there was a time for the Diocese of Truro to make sure that the foundations were in place for the future, then 2013 was that year.

The 600 people who attended the Diocesan Roadshows were left in no doubt as to the challenges currently faced by the Church of England in Cornwall and the importance of shunning complacency in order to embrace the changes necessary to turn things around.

Ageing congregations, declining traditional church attendance and rising costs of sustaining buildings and providing stipendiary ministry all require a different approach. The traditional model of each parish with its own priest has long gone and there is a clear requirement to 'do Church differently'.

However, there is only a very small window of opportunity in which to do so – perhaps five to 10 years – to implement new, more flexible ways of sharing ministry and encouraging better use of lay skills and talents in the interest of proclaiming the Gospel in the wider community, especially to young families who, after all, are our future.

At its meeting in May, Diocesan Synod approved unanimously a new way of working and the progression of the '3 Strands' that comprise 'Our Vision'. The three strands focus on Discipleship, Accompanied Ministry Development (AMD) and on Doing Church Differently – all designed to encourage clergy and their communities to consider how they might be better equipped to 'do church differently' at parish and benefice levels.

April saw the installation of our new Suffragan Bishop, Chris Goldsmith, who immediately became involved in driving forward the positive changes that were afoot and ensuring that the foundations were put in place securely for the new way of working.

Then, to further strengthen this, appointments were made to make sure that the implementation of the three strands is firmly rolled out and implemented in a co-ordinated way – Jonathan Rowe, AMD Director; Eliane Fleming-Gale, AMD Project Co-ordinator; Julian Briscoe, Deputy Diocesan Secretary (responsible for coordinating 'Our Vision'); and Pauline Burdett (part time), Discipleship Coordinator.

In March and November, the diocese was blessed with two visits from Archbishop Justin. This was certainly a positive boost and helped us realise that the Christian faith is certainly thriving in Cornwall and showing itself in many different ways.

Visiting a variety of projects, Archbishop Justin said how important it was to recognise the amount of time and invaluable effort that volunteers put into their communities – supporting the work of the Foodbanks, Street Pastors and many other initiatives, for instance – and he underpinned the importance of working across the different denominations by witnessing the Signing of a Ecumenical Letter of Intent at a special service at St Petroc's Church in Bodmin.

In 2013 9 Licensed Clergy were newly appointed to our diocese, 16 Clergy retired; and we were further encouraged by the Ordination of 4 new Deacons, 6 Priests and 6 Readers.

The aim of the Parsonages Department has consistently been to provide clergy with good accommodation. The team is working closely with the Archdeacons to rationalise the property portfolio (currently consisting of parsonages as well as DBF properties); and it has embarked on the sale of surplus houses and the establishment of cost-effective, strategic deanery plans.

In 2013, 12 properties were sold, and a number of substandard properties were replaced through the acquisition of 3 properties.

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

ACHIEVEMENTS AND PERFORMANCE *(continued)*

Children and young people are vital to the future of thriving Christianity in Cornwall. So the primary focus of the Diocesan Board of Education is to support the 44 Church of England schools. Following the launch of the Saints Way Multi Academy Trust at the end of 2012, December 2013 saw the opening of three more MATs – St Barnabas (5 schools), St Piran's Cross (5 schools) and Pilgrim's Way – to provide education for a total of 1,700 pupils.

These latest 11 schools take the number of C of E Academies in Cornwall to 18, with more planned for early in 2014, sharing resources and re-establishing the church's mission and work in a creative way. To enable the Education Department to fulfil this important work, Teresa Copping was appointed as its Academies Officer, and James Hetherington succeeded Adam Lee Sara as our School Buildings Officer.

On the financial front, it was recognised that the current formula for determining the Mission & Ministry Fund was no longer "fit for purpose", so a working group was established to devise a new way of calculating the voluntary contributions that are the life blood of the provision of stipendiary ministry and training. The Review Group will present a final report and recommendations to the Executive at the beginning of 2014.

Despite the challenging financial situation of the parishes, contributions towards the MMF in 2013 totalled £3.40M, representing a 93% collection rate on a total call of £3.65M. Although this is an improvement on recent years, there is still a long way to go to return to a path of consistent growth. However, it was a good step in the right direction and it will help the diocese to hold its own while the MMF Review Group completes its work on how to put the Diocese onto a sustainable financial footing.

Given all the pressures in 2013, it was more crucial than ever to continue to provide support in the specific areas in which it was needed, so it was a priority for the Diocesan House team to run a series of training days for PCC Treasurers and for Churchwardens. These were well received and will be repeated in 2014. We take Safeguarding and Equality & Diversity matters extremely seriously and continued to ensure that training and support was provided in those areas and that it is embedded in our diocesan DNA.

Other events and workshops in 2013 that are now part of our regular and ongoing support include 'Meet the Funders' events & workshops, training for the lay ministries, 'Messy Church', 'Open the Book' and 'Sunday Plus'.

Of particular note is the support the diocese gives to Transformation Cornwall – in collaboration with the Church Urban Fund and the Methodist Church – helping churches of all denominations that are running or setting up community work, assisting with funding applications and establishing a network to meet on a regular basis. Overall, this investment of time works well.

There is much still to be done; and 2014 will be a pivotal year in the development of the Church of England in Cornwall. We have a renewed sense of purpose and drive, not only to maintain our levels of service to parishes and clergy on day-to-day matters, but more importantly to move up a gear as we harness our refreshed skills and innovation through the 3 Strands to Discover God's Kingdom and Grow the Church.

Operational performance

The Company has met all of its financial obligations, including the support of the ministry, provision of well-maintained houses for the clergy, national church responsibilities and enriching and facilitating many other aspects of church life throughout the Diocese but incurred a net deficit of £600,153 (2012: £149,530) on operating activities.

Investment performance

Overall performance

Investments are held in both glebe and general funds. The total value of investments (excluding short-term cash deposits) at 31 December 2013 was £20.2 million (2012: £17.6 million).

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

Investment performance (*continued*)

Glebe investments

£7.5 million (2012: £7.4 million) of the Company's investments are held in glebe property, primarily to generate a sustainable income to continue funding clergy stipends.

Glebe property is professionally valued every 5 years to establish market value. The portfolio was last revalued as at 31 December 2009 at £7.87 million. Net rents amounted to £235,279 (2012: £264,414).

Other investments

Other investments are held on behalf of a number of endowments, restricted and general funds. The policy with these investments is to at least maintain the real value of capital and the income that flows from it. Investment in equity and property funds were valued at £12.7 million (2012: £10.1 million). Dividends and interest receivable amounted to £551,336 (2012: £514,042).

External factors affecting performance

The Company has continued to be affected by the general economic climate though a small improvement in Mission & Ministry Fund was encouraging after three years of falling collections.

FACING UP TO THE FUTURE: STRATEGIC OVERVIEW FOR 2014

Background

As is the case across the world, in the Diocese of Truro we are living at a time of great turmoil in every aspect of our lives. Our communities, economy, environment, technology and demographics are all affected by changes on a global scale.

In addition to this, the Church of England is facing internal challenges – not least of which is the declining number of stipendiary clergy, mainly as a consequence of a significant number of retirements.

Examination of statistical trends indicates that, as an institution, we have other serious challenges to address too. Our church attendance numbers are declining, and we have reduced financial resources with which to do 'mission'.

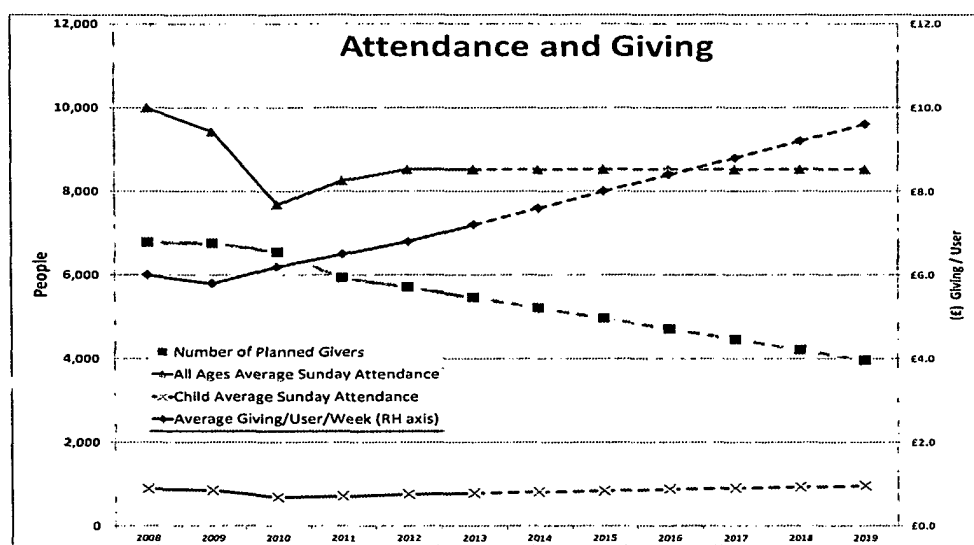
The local 'landscape' has changed in every way and we are living through one of the biggest social experiments in recent times – a rebalancing of the roles of government, public services and the individual. And our relevance is being called into question.

It is time to act to reverse these trends; but we must be sure to focus on the right things. We cannot – nor do we desire to – recreate the church of the past. Our task is to proclaim the Gospel afresh to a new generation.

By way of background, **Figure 1** summarises current trends and projections in terms of church attendance and giving.

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

Background (continued)



Where we are now

We are at a crossroads. We have a renewed sense of mission, and a deep desire for transformation by the Gospel in the lives of parishioners and for those who live in our communities.

The last decade has seen more change than the previous 100 years and the pace is escalating. We have serious challenges that have to be addressed now and the following statistics speak to the depth of the challenge:

Table 1 shows the decline in church-going across all denominations across Cornwall and also expresses this as a percentage of the relevant population.

Local or Unitary Authority	Population		Churchgoers				% of population			
	2001	2011	1989	1998	2005	2012E	1989	1998	2005	2012E
(CORNWALL)	501,267	534,476	145,800	141,100	132,000	128,300	29.1	26.4	24.7	24.2
Caradon ¹	79,649	↑	7,200	6,900	5,000	4,600	9.4	8.7	6.2	5.5
Carrick ¹	87,865	↑	9,000	7,600	5,900	4,900	10.9	8.8	6.6	5.2
Kerrier ¹	92,517	↑	8,000	7,600	6,100	5,700	9.2	8.3	6.5	5.8
North Cornwall ¹	80,509	532,273	6,900	6,300	5,000	4,600	9.5	8.0	6.0	5.2
Penwith ¹	63,012	↑	6,800	5,300	4,300	3,300	11.6	8.5	6.7	5.0
Restormel ¹	95,562	↑	7,500	7,000	5,300	4,800	8.8	7.5	5.3	4.5
Isles of Scilly UA ²	2,153	2,203	400	400	400	400	20.0	19.1	18.5	17.9

¹ From 1st April 2009 these six Local Authorities combined to form Cornwall UA ² Formerly Isles of Scilly Local Authority

Table 2 shows the number of churches in Cornwall by denomination.

Local/Unitary Authority	Ang	Bap	R Cat	Ind	Meth	New	Ortho	Pente	URC	Sm D	TOTAL
(CORNWALL)	302	16	31	31	233	29	7	33	6	29	788
Caradon ¹	60	2	7	6	42	3	0	5	1	6	132
Carrick ¹	45	5	5	5	35	14	1	5	2	6	123
Kerrier ¹	48	2	6	5	59	3	0	7	0	4	134
North Cornwall ¹	79	1	6	3	69	10	0	8	1	7	184
Penwith ¹	29	1	4	5	32	10	1	5	0	5	92
Restormel ¹	36	2	6	7	44	9	0	8	2	1	115
Isles of Scilly	5	0	1	0	2	0	0	0	0	0	8

¹ From 1st April 2009 these six Local Authorities combined to form Cornwall UA

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

Where we are now (*continued*)

According to C of E statistics, the number of Anglicans attending on an average Sunday was 17,300 in 1979, down to 11,100 by 2005, and the most recent data (2011) show a figure of 10,300.

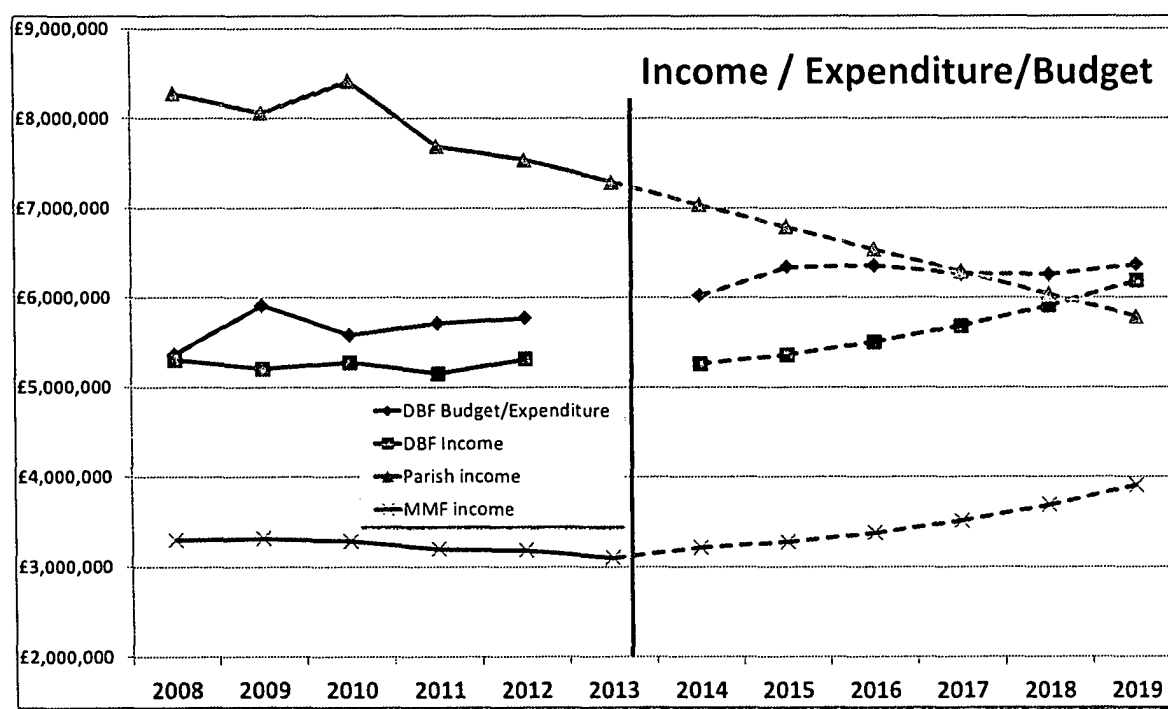
When compared with community demographics, our members are vastly under-represented by people under 44 years of age, and vastly over-represented by people over 65 years of age. As parishes shrink in size, financial challenges to keep operating increase. So, ageing church congregations and modern operating costs mean that a larger proportion of income goes to maintaining the operation, and less to mission. This is completely the wrong way around!

Financial perspective

The MMF (Mission & Ministry Fund, formerly Common Fund) Review Group was set up to establish why the Diocese of Truro has become financially unsustainable and to identify possible options to rectify the situation with a return to financial viability.

It will be recommending to Bishop's Staff an effective and sustainable solution that will command support from the majority of parishes.

Figure 2 shows historical data on the income of parishes, their MMF contributions, and DBF budgets before 2013 and projected through to 2019. The projected data assume a YOY growth of 1% on income from MMF.



Parishes need to become both 'vital' and 'sustainable'. Where this is not practical or feasible – unpalatable as it may be to some – we must address the re-distribution of assets to create parishes and congregations that are thriving, viable units.

Parishes that have a clear vision, commitment to mission, meaningful worship and good leadership grow. It's not so much that they are of one style or another, but the clarity of purpose and integrity of message and content is consistent with growth.

Simply wanting growth in attendance and membership does not in itself lead to growth; it is a by-product of integrity, vision, and leadership.

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

Our response

We are responding to these challenges by investing in mission-focused initiatives leading towards the overarching goal of Discovering God's Kingdom and Growing the Church.

In essence, ***our mission is not the maintenance of the institution, but the proclamation of God's love in action***, in the world, and on the ground where we live.

A time of great challenge is also a time of great opportunity. At our Diocesan Synod in May 2013, the first elements of this plan were introduced. The 'Our Vision' document was presented and it contained three positive steps for action. These three strategic initiatives – the '3 Strands' – were endorsed and agreed:

- Discipleship
- Accompanied Ministry Development; and
- Doing Church Differently

A strong commitment to these 3 Strands will result in:

- Reinvigorated church communities
- Vital and sustainable parishes (or groups of parishes)
- Greater collaboration between centrally based and local leaders (lay and ordained); and between churches and their communities
- Flourishing Christian communities.

While we focus on the '3 Strands', we also need to ensure that our organisational structure is effective, efficient and 'fit for purpose', such that we are structured to meet the needs of our communities as a whole during the coming years. We must switch the emphasis away from maintenance of the institution towards our mission of proclamation of the Gospel.

Our current 'financial landscape' is a challenge; yet it also provides us with the focus we need to make the tough decisions that will result in the long-term health of the diocese. Failure to address the very real challenges we face now will result in longer – perhaps terminal – decline.

Whilst we are Anglicans at heart, we recognize that God calls us to be the Church together with our ecumenical partners. So we all have a vital and important role in this partnership – inspired by the enthusiasm and creativity of clergy and lay leaders.

Spiritual growth too is a key component of our future – living out the meaning of our baptism, growing in our understanding of community, and growing in numbers because of each member's enthusiasm for God's love known to us in Jesus Christ.

So forming and building community is an important task for which the church will need new skills and attitudes. We envision vibrant parish communities of a variety of shapes and sizes. There will be a mix of traditional models and, increasingly, places that experiment creatively with new forms of being church.

Providing appropriate support

The profound and lasting changes to attitudes and activities that will result from the implementation of the '3 Strands', the MMF Review and on-going evolution of organisational and communication structures will demand the provision of sensitive, cost-effective and practical support at a parish level. It will be important periodically to take stock of where each parish is and how it is doing in regard to its mission and ministry.

So, during 2014, several key members of the Diocesan House team are planning to visit over 100 parishes to assist them with their strategic planning process. They will offer guidance on discerning how they are being called to current and future ministry, and how best to use their resources – including property and buildings – for this ministry by making informed and responsible decisions.

Resource material is being prepared to encourage parishes to examine their current situation and to devise their own tailor-made strategy. It will be designed to help participants to make decisions that are fact-based and objective.

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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Plans & Focus for 2014 and beyond

- Growth in Discipleship – providing demonstrable effects
- Accompanied Ministerial Development – the equipping of clergy and their church communities to grow , thus providing evidence of positive change
- Leadership Training – towards more flexible congregational development (lay and ordained)
- Generate Funding for Shared Initiatives – inspire lay and ordained people to work more collaboratively
- Establish Effective and Sustainable Financial Viability
- More Efficient and Effective Management of Property Portfolio – resulting from clear-cut deanery strategic planning
- Sensitive and Effective Support for Parishes – visits from appropriate representatives of Diocesan House Team
- Resourcing the Education Department – to meet the demanding needs of the changing world of education and be able to respond positively to those changes.
- Appropriate Organisational and Communication structures – not only at parish level, but at the Diocesan House administrative support level, to be efficient and effective in meeting the needs of both the diocese and the parishes.

This report was approved by the Executive on 27 March 2014
and was signed on its behalf by:



E Pollard
Secretary

Diocesan House
Kenwyn
Truro
TR1 1JQ

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

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The trustees, who are also directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2013 and confirm that these comply with the requirements of the Companies Act 2006, the Memorandum and Articles of Association and the Charities Statement of Recommended Practice 2005.

This report refers to the Diocese of Truro except for Section 2 and is set out as follows:

1. Legal and administrative details
2. Summary information about the structure of the Church of England
3. Structure, governance and management
4. Objectives and activities
5. Achievements and performance
6. Financial review
7. Plans for future periods
8. Funds held on behalf of others
9. Appointment of solicitors
10. Appointment of auditors

1. LEGAL AND ADMINISTRATIVE DETAILS

These are set out on pages 1 and 2.

2. SUMMARY INFORMATION ABOUT THE STRUCTURE OF THE CHURCH OF ENGLAND

The Church of England is organised as two provinces; each led by an archbishop (Canterbury for the Southern Province and York for the Northern). Each province comprises dioceses of which there are 43 in England.

Each diocese in England is divided into parishes. Each parish is overseen by a parish priest (usually called a vicar or rector). From ancient times through to today, they and their bishop are responsible for the 'cure of souls' in their parish.

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

The Church of England is episcopally-led (there are 108 bishops (including Diocesan Bishops and Assistant and Suffragan Bishops)). It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or houses of members: the Houses of Bishops, of Clergy and of Laity, and meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The National Church Institutions

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

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

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

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

The National Church Institutions (*continued*)

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

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

The Cathedral

Truro Cathedral is the mother church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Office, 14, St Mary's Street, Truro TR1 2AF.

The information about General Synod, the Archbishops' Council, the Church Commissioners, the Church of England Pensions Board and Truro Cathedral is included as background only. The financial transactions of these bodies do not form part of these financial statements.

The Diocese

Diocesan Synod

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

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

Deanery Synods

There are 12 Deanery Synods and they each have two houses, laity and clergy, and their role is to:

- respond to requests from General Synod;
- give effect to the decisions made by the Diocesan Synod;
- consider matters affecting the Church of England by drawing together the views of the parishes within the deanery;
- act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod and, conversely, to pass matters from General Synod and Diocesan Synod to the parishes;
- raise with Diocesan Synod such matters as it considers appropriate; and
- elect members of the deanery to the Diocesan Synod and of the diocese to General Synod.

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

The Bishop's Council

Under the constitution of the Diocesan Synod, the functions of the Bishop's Council are to:

- plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion;
- initiate proposals for action by the Synod and to advise it on matters of policy;
- advise the President on any matter;
- transact the business of the Synod when the Synod is not in session (subject to the directions of the Synod);
- appoint members of committees or nominate individuals for election to committees (subject to the directions of the Synod);
- carry out such functions as the Synod may delegate to it.

Parishes and Parochial Church Councils (PCC)

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

Benefices, Deaneries and Archdeaconries

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

A deanery is a group of parishes over which a rural dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

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

3. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Diocese of Truro was created in 1877. It covers the whole of the county of Cornwall and the Isles of Scilly. The overall population is approximately 550,000 and gradually increasing - but changing demographically towards the older age groups. This reflects Cornwall's popularity as a destination for retirement and as an area for those from other parts of the UK searching for a better quality of life.

In terms of gross domestic product per head and average household incomes, Cornwall and the Isles of Scilly is one of the poorest areas in the UK – indeed in Europe. Furthermore, parts of the region, especially on the coast, have high house prices, driven up by demand from relatively wealthy retired people and second home owners. Consequently, during the period 2007-13, Cornwall has been eligible for structural funding from the EU under the Convergence Programme. The purpose of this Programme is to speed up the economic development of Cornwall and the Isles of Scilly particularly through investing in: skills and helping people into work; the development of a more knowledge based economy; business productivity and innovation; and in infrastructure for a more modern economy.

The Diocese of Truro is arranged as two archdeaconries, Cornwall covering the western part with 7 deaneries and Bodmin the eastern part with 5 deaneries. In total there are 223 parishes.

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

Diocesan governance

The Diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of 13 ex officio members, including the Bishops and Archdeacons, 52 clergy members elected by the houses of clergy in Deanery Synods, 67 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod normally meets two or three times a year. Many of Diocesan Synod's responsibilities have been delegated to the Bishop's Council and Standing Committee.

Company status

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

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

Decision-making structure

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

- Planning the business of Synod including the preparation of agendas and papers
- Initiation of proposals for action by the Diocesan Synod and provision of policy advice
- Transacting the business of the Diocesan Synod when not in session
- Management of the funds and property of the Diocese
- Preparation of annual estimates of expenditure
- Advising on action needed to raise the income necessary to finance expenditure
- Oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod
- Advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it
- Appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod
- Carrying out any other functions delegated by Diocesan Synod.

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

Committee structure

Those following are statutory committees:

Parsonages Committee, which is responsible for determining policy and making major decisions concerning the management of parsonage houses in each benefice, including setting the policy for buying, repairing, maintaining and disposing of all parsonage houses, team vicarages and houses owned by the Company.

Glebe Committee, which is responsible for determining policy and making major decisions concerning the management of glebe property and investments for the benefit of the Diocesan Stipends Fund of the Diocese.

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

Committee structure (*continued*)

Diocesan Mission and Pastoral Committee, which is responsible for reviewing the arrangements for pastoral supervision and care in the diocese, including the deployment of clergy, and having regard for the worship, mission and community as central to the life and work of the Church of England.

Diocesan Advisory Committee, which advises on matters affecting churches and places of worship such as the granting of faculties, architecture, archaeology, art and the history of places of worship, the use and care of places of worship and their contents and the care of churchyards.

Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron or joint patron of a number of benefices.

Diocesan Board of Education, which has responsibility for 44 Church of England schools and Askel Veur The Diocese of Truro Academies Umbrella Company Limited (which was set up as a vehicle for establishing and monitoring the work of CE Academies across the Diocese), provides pastoral and professional support, and challenge, to all its schools. The Board is committed to enhancing the quality of educational provision for schools, in particular pupil achievement, leadership and management and curriculum, including a particular focus on religious education, collective worship and the spiritual, moral, social and cultural development of all pupils.

Churches Uses Committee, which is responsible for finding appropriate alternative uses for churches which have been declared closed for public worship.

In addition to the statutory committees, other committees are established to deal with issues concerning training and development of children and young people; and adults, lay and ordained (Formation Education and Discipleship Committee (FEaD) and, for proclaiming the Gospel through the action of the Church in society (Kingdom Group).

The Executive

The Executive acts as the Bishop's Council and Standing Committee of the Diocesan Synod (meeting under the chairmanship of the Bishop); and as the board of directors and trustees of the Company (meeting under the chairmanship of the Chairman of the Company). The Executive includes 5 ex officio members - the Diocesan and Suffragan Bishops, the Dean and the two Archdeacons; the Chairman of the Company, the Chairman of the House of Clergy and the Chairman of the House of Laity; the Vice Chairmen of FEaD, Kingdom Group and Diocesan Board of Education (if the Diocesan Bishop is not the Chairman); and 4 clergy and 4 lay members elected by Diocesan Synod. Furthermore, up to 3 members can be co-opted by the Executive with the approval of the Bishop.

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

Appointment of members of the Executive

The appointment process is described above.

Members are given induction training when first appointed and receive ongoing training, as appropriate. Some senior officers have job titles incorporating the title 'Director' but they are not directors of the Company for the purposes of company law.

The Executive's responsibilities

The Executive is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the Executive to prepare financial statements for each financial year. Under that law the Executive has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the surplus or deficit for that year.

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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The Executive's responsibilities (*continued*)

In preparing those financial statements the Executive is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and Group will have adequate resources to continue operating.

The Executive is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the corporate and trust assets of the Company and Group and ensuring their proper application under charity law and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

- So far as the Executive is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Executive has taken all the steps that it ought to have taken as directors in order to make itself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Related parties

General Synod, Church Commissioners and Archbishops' Council

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

Parochial Church Councils (PCCs)

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

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

Subsidiary company

The Company has one subsidiary undertaking – Diocese of Truro Enterprises Limited (DOTE) – in which it holds the whole of the issued share capital of 100 ordinary shares of £1 each. Its principal activity is the provision of building project management services primarily, but not exclusively, to Church of England schools in the Diocese.

DOTE reported a loss for the year of £7,591 (2012: profit £34,512) so no amount (2012: £34,171) is payable as a distribution to the Company by Gift Aid. A brief summary of the subsidiary's results and financial position is given in note 22 to the financial statements.

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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Connected charities

The trustees consider the following to be a connected charity:

The Cornwall Retired Clergy, Widows of the Clergy and their Dependants Fund - a registered charity which provides financial support to the spouse or the dependants of deceased clergy and to retired clergy or their dependants, and to the spouse or dependants of clergy from whom the spouse is separated or divorced, who are in particular financial need.

Pensions

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

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

Further details about these schemes are contained in note 30 to the financial statements.

Risk management

The directors confirm that the major risks to which the Company is exposed, as identified by the Executive and staff, have been reviewed and that systems and procedures have been established to manage those risks. The risks are defined and measures are in place to manage and monitor these risks and procedures and controls designed and implemented to minimise any potential impact on the Company should any of the risks materialise. A risk register has been compiled.

The directors review the risk register at least annually as part of the corporate risk management strategy.

4. OBJECTIVES AND ACTIVITIES

Aims and objectives

The objects of 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:

- the funding of the stipends of clergy and licensed lay workers engaged in the parochial ministry.
- the provision and maintenance of appropriate housing for such clergy and lay workers.
- the employment of clergy and lay staff in diocesan-wide ministries such as education, ministry development, evangelism and social responsibility.
- the training and development of both clergy and laity in all aspects of delivering ministry.
- the provision of financial and other support to parishes.
- the management and investment of glebe and other assets held under trusts for the benefit of the Diocese.
- the employment of staff to manage the administration of the Company's affairs.

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

The Company's strategic plans are set out in the Strategic Report.

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

Public benefit

The directors are aware of the Charity Commission's guidance on public benefit in 'The Advancement of Religion for the Public Benefit' and have regard to that guidance in their administration of the Company.

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

- providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers;
- promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole;
- working together with partners throughout the Diocese to achieve better outcomes for all members of society and also aiming to meet the needs of both members of our Church communities and those who live in the parishes;
- working in particular with those who are on the fringes of society and trying to provide materially as well as spiritually for all the public in Cornwall and the Isles of Scilly.

Statutory functions

The Company has responsibility for the management of glebe property and investments to generate income to support the cost of stipends.

It is the Diocesan Authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board.

The Company is the custodian trustee in relation to PCC property.

Grant-making (beneficiary-selection) policy

Grants are made to the National Church to cover a proportion of its central costs and also to cover the cost of training for ministry (see note 10 to the financial statements). Grants are paid to other charitable projects which appear to the Executive to support the furtherance of the Company's objects (see note 2 to the financial statements).

5. ACHIEVEMENTS AND PERFORMANCE

A full review of the company's activities in 2013 is now given in the Strategic Report.

6. FINANCIAL REVIEW

Overall financial position

Before revaluation adjustments, group income totalled £6.5 million (2012: £6.1 million) and expenditure amounted to £6.7 million (2012: £6.2 million).

The Consolidated Statement of Financial Activities for the year shows net outgoing resources of £0.2 million (2012: £0.1 million) before net gains and losses on the revaluation of investments and the sale of fixed assets and investment assets.

After revaluation adjustments, the net increase in funds amounted to £4.0 million (2012: £0.1 million).

During the year, total group funds employed increased from £65.3 million to £69.3 million.

There was an overall net cash inflow of £1.6 million (2012: outflow £0.3 million).

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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Principal Funding Sources

Around 61% of the unrestricted income of the Group came from the Mission & Ministry Fund (Common Fund) and 15% from National Church Selective Allocations.

Review of the financial position

Unrealised revaluation gains for the year amounted to £2.7 million (2012: losses £0.2 million).

Review of cash flow for year

There was an increase in cash and cash equivalents of £1.6 million during the year mainly reflecting an aggressive programme of selling surplus housing.

Going concern

The directors are satisfied that the Company has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Investment policies

Under the Memorandum and Articles of Association, the Company has the power to make any investment which the directors see fit.

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). The Company's *Investment Policy and Principles Statement* sets out a practical framework of guidelines and conditions within which the Company's investments shall be administered.

The Company's investment strategy is based on two key policies:

Ethical investment – the directors deem it appropriate to consider whether or not the activities and corporate governance of the companies in which the Company is invested are compatible with the ethos of the Church. The directors require that regard shall be had to the ethical investment policy published by The Church of England's Ethical Investment Advisory Group. Ethical requirements may be achieved by investing predominantly in The CBF Church of England Funds.

Long-term responsibilities - the directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a correspondingly prudent approach to investment decisions.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an ongoing basis. Unrestricted and restricted fund investments are invested to maintain an adequate level of liquidity and a level of income that is at least consistent with preserving the real value of capital. The Company engages CCLA Investment Management Limited to review the Company's portfolio and to provide investment advice from time to time.

The Company holds investments across the range of The CBF Church of England Funds (representing 81% of the total value of the Company's investments of £12.7 million (excluding Glebe) at 31 December 2013 (see note 21).

The total capital and income return for the year for each of these Funds were as follows:

	<u>Fund</u>	<u>Benchmark</u>
The CBF Church of England Investment Fund	+17.3%	+16.9%
The CBF Church of England Global Equity Income Fund	+19.5%	+27.3%
The CBF Church of England UK Equity Fund	+26.3%	+21.0%
The CBF Church of England Property Fund	+ 7.5%	+ 9.2%

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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Investment policies (*continued*)

The Executive consider these investment returns to be satisfactory. Difficult (but, thankfully improving) economic conditions persist but the Executive is hopeful that the Company's bias towards equity-based funds will continue to provide attractive returns in 2014 and beyond.

Glebe investments

Glebe investments are held in agricultural land, commercial and residential land and buildings.

Unrestricted fund investments

Funds which may be needed for short term working capital purposes are held primarily in The CBF Church of England Deposit Fund.

Reserves policy

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 directors are naturally concerned about the current UK economic climate on the Company's future income. The Company is heavily dependent on parishes for their full and regular payment of their Mission & Ministry Fund contributions. Contributions had fallen for three successive years but, there was a small but encouraging increase in 2013.

Mission & Ministry Fund is now needed to support some three-quarters of the Company's current annual budgeted expenditure. The Company will continue to help parishes through these difficult financial times.

The cost of funding pensions (both clergy and lay) is likely to continue to escalate unpredictably.

Considering these sensitive financial concerns, the directors believe that the present accumulated balance of free reserves (the General Fund) of £3.3 million (2012: £3.4 million) are not excessive at this particular time.

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

7. PLANS FOR FUTURE PERIODS

A full account of the company's plans for 2014 is now given in the Strategic Report.

8. FUNDS HELD ON BEHALF OF OTHERS

The Company is custodian trustee for trust investment assets with a market value of £3.00 million (2012: £2.57 million). Certain land and buildings owned by Parochial Church Councils (PCCs) is also vested in the Board as custodian trustee. Each PCC is a separate charity. The assets are held separately from those of the Company.

The Company also administers Devolved Formula Capital grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. The Company held £0.38 million (2012: £0.52 million) in designated bank accounts separate from those of the Company.

**THE TRURO DIOCESAN BOARD OF FINANCE LIMITED
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9. APPOINTMENT OF SOLICITORS

A resolution to reappoint Michelmores LLP and Stephens Scown LLP as solicitors to the Company will be proposed at the Annual General Meeting.

10. APPOINTMENT OF AUDITORS

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

This report was approved by the Executive on 27 March 2014
and was signed on its behalf by:



E Pollard
Secretary

Diocesan House
Kenwyn
Truro
TR1 1JQ

**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 2013 which comprise the Group and Company Statement of Financial Activities and Income and Expenditure Account, the Group and Parent Company Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on pages 14 and 15, the directors (who are also the trustees under charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Opinion on the matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Graham Boulton FCA (Senior Statutory Auditor)
For and on behalf of Robinson Reed Layton, Statutory Auditor

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

27 March 2014

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

**Consolidated Statement of Financial Activities and Income and Expenditure Account
for the year ended 31 December 2013**

	Note	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Parish contributions		3,397,512	-	-	3,397,512	3,333,533
Archbishops' Council	3	844,449	57,430	-	901,879	864,795
Other	4	101,633	68,329	-	169,962	169,419
Activities for generating funds	5	98,674	254,060	-	352,734	437,183
Investment income	6	761,058	183,705	-	944,763	908,509
Incoming resources from charitable activities:						
Statutory fees etc		341,557	-	-	341,557	317,698
Other	7	14,334	-	-	14,334	12,724
Other incoming resources	8	30,058	-	323,102	353,160	79,025
Total incoming resources		5,589,275	563,524	323,102	6,475,901	6,122,886
Resources expended						
Costs of generating funds	9	234,896	34,991	-	269,887	241,979
Charitable activities						
Contributions to Archbishops' Council	10	367,423	-	-	367,423	356,882
Resourcing ministry and mission:						
Ministry in parishes	11	4,965,405	-	-	4,965,405	4,536,306
Support for ministry and mission	12	897,216	114,863	-	1,012,079	1,013,146
Governance costs	13	51,959	-	-	51,959	46,660
Total resources expended		6,516,899	149,854	-	6,666,753	6,194,973
Net incoming/(outgoing) resources before transfers		(927,624)	413,670	323,102	(190,852)	(72,087)
Transfers between funds	14	1,225,951	1,504,328	(2,730,279)	-	-
Net incoming/(outgoing) resources for the year		298,327	1,917,998	(2,407,177)	(190,852)	(72,087)
Realised gains on investment assets		-	-	1,444,986	1,444,986	303,434
Net income/(expenditure) for the year		298,327	1,917,998	(962,191)	1,254,134	231,347
Unrealised gains/(losses) on revaluation	15	368,910	292,549	2,088,454	2,749,913	(165,671)
Net movement in funds	16	667,237	2,210,547	1,126,263	4,004,047	65,676
Fund balances at 1 January 2013		8,079,268	2,307,858	55,007,040	65,394,166	65,328,490
Fund balances at 31 December 2013		8,746,505	4,518,405	56,133,303	69,398,213	65,394,166

The Group's results are derived entirely from continuing activities.

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

**Company Statement of Financial Activities and Income and Expenditure Account
for the year ended 31 December 2013**

	Note	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income:						
Parish contributions		3,397,512	-	-	3,397,512	3,333,533
Archbishops' Council	3	844,449	57,430	-	901,879	864,795
Gift Aid donation from subsidiary company		-	-	-	-	34,171
Other	4	101,633	68,329	-	169,962	169,419
Activities for generating funds	5	-	254,060	-	254,060	306,316
Investment income	6	762,832	183,705	-	946,537	909,749
Incoming resources from charitable activities:						
Statutory fees etc		341,557	-	-	341,557	317,698
Other	7	18,098	-	-	18,098	16,559
Other incoming resources	8	30,058	-	323,102	353,160	79,025
Total incoming resources		5,496,139	563,524	323,102	6,382,765	6,031,265
Resources expended						
Costs of generating funds	9	135,319	34,991	-	170,310	151,629
Charitable activities						
Contributions to Archbishops' Council	10	367,423	-	-	367,423	356,882
Resourcing ministry and mission:						
Ministry in parishes	11	4,965,405	-	-	4,965,405	4,536,306
Support for ministry and mission	12	897,216	114,863	-	1,012,079	1,013,146
Governance costs	13	50,809	-	-	50,809	45,730
Total resources expended		6,416,172	149,854	-	6,566,026	6,103,693
Net incoming/(outgoing) resources before transfers		(920,033)	413,670	323,102	(183,261)	(72,428)
Transfers between funds	14	1,225,951	1,504,328	(2,730,279)	-	-
Net incoming/(outgoing) resources for the year		305,918	1,917,998	(2,407,177)	(183,261)	(72,428)
Realised gains on investment assets		-	-	1,444,986	1,444,986	303,434
Net income/(expenditure) for the year		305,918	1,917,998	(962,191)	1,261,725	231,006
Unrealised gains/(losses) on revaluation	15	368,910	292,549	2,088,454	2,749,913	(165,671)
Net movement in funds	16	674,828	2,210,547	1,126,263	4,011,638	65,335
Fund balances at 1 January 2013		8,079,078	2,307,858	55,007,040	65,393,976	65,328,641
Fund balances at 31 December 2013		8,753,906	4,518,405	56,133,303	69,405,614	65,393,976

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

Consolidated and Company Balance Sheets
at 31 December 2013

	Note	Group 2013 £	2012 £	Company 2013 £	2012 £
Fixed assets					
Tangible assets	20	45,054,311	45,421,008	45,053,097	45,420,341
Investments	21	20,219,878	17,568,011	20,219,978	17,568,111
		<u>65,274,189</u>	<u>62,989,019</u>	<u>65,273,075</u>	<u>62,988,452</u>
Current assets					
Work in progress		650	5,600	-	-
Debtors	23	268,470	578,989	284,393	578,620
Cash at bank and in hand	24	4,563,805	2,998,379	4,552,530	2,991,711
		<u>4,832,925</u>	<u>3,582,968</u>	<u>4,836,923</u>	<u>3,570,331</u>
Creditors: amounts falling due within one year					
Loans	25	366,760	364,760	366,760	364,760
Other creditors	26	341,841	812,461	337,324	799,447
		<u>708,601</u>	<u>1,177,221</u>	<u>704,084</u>	<u>1,164,207</u>
Net current assets		<u>4,124,324</u>	<u>2,405,747</u>	<u>4,132,839</u>	<u>2,406,124</u>
Total assets less current liabilities		<u>69,398,513</u>	<u>65,394,766</u>	<u>69,405,914</u>	<u>65,394,576</u>
Creditors: amounts falling due after more than one year					
Loans	25	300	600	300	600
Net assets		<u>69,398,213</u>	<u>65,394,166</u>	<u>69,405,614</u>	<u>65,393,976</u>

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

Consolidated and Company Balance Sheets (*continued*)
at 31 December 2013

	Note	Group 2013 £	2012 £	Company 2013 £	2012 £
Funds employed	27				
<i>Unrestricted funds</i>					
General Fund		3,343,287	3,372,414	3,343,287	3,372,414
- company					
- subsidiary		(7,401)	190	-	-
Board Houses Fund		5,390,455	4,653,000	5,390,455	4,653,000
Other funds		20,164	53,664	20,164	53,664
		8,746,505	8,079,268	8,753,906	8,079,078
<i>Restricted funds</i>					
Pastoral Account		3,322,559	1,208,500	3,322,559	1,208,500
Diocesan Council for Mission & Unity		90,777	90,222	90,777	90,222
Education Trusts		992,430	923,803	992,430	923,803
Mission Fund		106,404	79,157	106,404	79,157
Bishop Phillpotts Prize Fund		6,235	6,176	6,235	6,176
		4,518,405	2,307,858	4,518,405	2,307,858
<i>Expendable endowments</i>					
Parsonage Houses Fund		39,262,199	40,369,000	39,262,199	40,369,000
Stipends Fund Capital Account		16,871,104	14,638,040	16,871,104	14,638,040
		56,133,303	55,007,040	56,133,303	55,007,040
Total funds employed		69,398,213	65,394,166	69,405,614	65,393,976
The revaluation reserve included in the above funds is	28	37,168,560	36,653,098	37,168,560	36,653,098

These financial statements were approved by the Executive and authorised for issue on 27 March 2014 and were signed on its behalf by:



R P Caudwell
Chairman

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

**Consolidated Statement of Total Recognised Gains and Losses
for the year ended 31 December 2013**

	2013 £	2012 £
Surplus for the year	1,254,134	231,347
Unrealised gain/(loss) on revaluation of freehold property	1,380,432	(1,068,827)
Unrealised gain on revaluation of investments	1,371,481	894,156
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	4,006,047	56,676
Unrealised (loss)/gain on Equity Sharing loans	(2,000)	9,000
	<hr/>	<hr/>
Total recognised gains and losses since the last annual report	4,004,047	65,676

**Consolidated Statement of Historical Cost Profits and Losses
for the year ended 31 December 2013**

	2013 £	2012 £
Surplus for the year	1,254,134	231,347
Realisation of fixed asset revaluation gains of previous years	2,234,451	2,414,222
	<hr/>	<hr/>
Historical cost surplus for the year	3,488,585	2,645,569

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

Consolidated Cash Flow Statement
for the year ended 31 December 2013

	Note	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities	31		(681,325)		55,865
Servicing of finance					
Interest paid		(8,123)		(9,525)	
			(8,123)		(9,525)
Capital expenditure and financial investment					
Payments to acquire:					
Board property		(825,399)		(411,635)	
Parsonage houses		(631,823)		(2,902,978)	
Glebe property		(128,037)		(16,861)	
Office equipment		(10,364)		(6,559)	
Other investments		(1,220,349)		(4,231)	
Receipts from sale of:					
Board property		418,058		843,025	
Parsonage houses		3,140,102		1,872,202	
Glebe property		1,512,986		312,894	
			2,255,174		(314,143)
Cash inflow/(outflow) before financing			1,565,726		(267,803)
Financing					
Loan received from CCLA Investment Management Limited		-		830,000	
Loan repaid to CCLA Investment Management Limited		-		(830,000)	
Loans from Central Board of Finance repaid		(300)		(300)	
			(300)		(300)
Increase/(decrease) in cash equivalents	32 & 33		1,565,426		(268,103)

**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 preparation

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 financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP2005) issued in March 2005, applicable accounting standards and the Companies Act 2006.

The financial statements consolidate the results of the Company and its wholly owned subsidiary, Diocese of Truro Enterprises Limited on a line by line basis.

Fund balances are split between unrestricted and restricted income funds and capital endowment funds.

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

Restricted funds are income funds which may only be expended subject to conditions imposed by law or by trust.

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the Executive, there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment.

Details of the major funds are given in note 27.

'Special trusts' (as defined by the Charities Act 2011) and any other trusts where the Company acts as trustee and controls the management and use of the funds, are included in the Company's own financial statements as charity branches, subject to the Charity Commission's determination of their accounting status.

Trusts where the Board acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are disclosed in the directors' annual report.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Board is legally entitled to them as income or capital respectively, ultimate receipt is reasonably certain and the amount to be recognised can be quantified with reasonable accuracy.

Parish contributions are recognised as income of the year in which they are received.

Rents are included as income of the year in which they become due for payment.

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.

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

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

2 Principal accounting policies (continued)

Income from commercial trading activities is recognised as earned (as the related services are provided).

Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at the year end are carried forward to the following year as creditors.

Resources expended

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

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board. Such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions are noted as a commitment, but not accrued as expenditure.

Where costs cannot be directly attributed to the activity concerned, they have been allocated or apportioned to activities on a basis consistent with the estimated usage of resources at Diocesan House. The apportionment of central support costs can be summarised as follows:

	£
Costs of generating funds (note 9)	86,477
Ministry in parishes (note 11)	73,621
Support for ministry in parishes (note 12)	231,774
Governance costs (note 13)	40,561

The Company is not VAT registered and therefore resources expended include attributable VAT which cannot be recovered. However, the Company's trading subsidiary is registered for VAT.

Pension costs

The cost of providing pension and related benefits to the clergy and Board's lay staff is advised by The Church of England Pensions Board and is charged to the General Fund in the period in which the contributions become due for payment (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 in accordance with Financial Reporting Standard No.5 on the basis that the Company is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. Parsonage houses are capitalised as expendable endowment assets.

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

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

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

2 Principal accounting policies (continued)

Freehold property (continued)

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

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 are capitalised at cost and depreciated at rates of between 20% and 33 1/3% on a reducing balance basis.

Investments

Investments are included in the balance sheet at market value.

Listed investments are UK listed company shares 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. No depreciation is provided.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, *Accounting for Investment Properties*, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in a professional market valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

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.

3 Voluntary income from Archbishops' Council

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Selective allocations	819,750	-	-	819,750	785,449
Support of parish ministry and mission	-	57,430	-	57,430	55,150
Contribution to registrar's retainer	24,699	-	-	24,699	24,196
Group and company	844,449	57,430	-	901,879	864,795

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

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

4 Other voluntary income

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Allchurches Trust	87,958	-	-	87,958	87,958
Marshall's Charity	-	9,030	-	9,030	-
Contributions towards church schools:					
Department for Education	-	42,273	-	42,273	48,200
Donations from individuals	3,675	16,291	-	19,966	17,834
Other contributions	10,000	735	-	10,735	15,427
Group and company	101,633	68,329	-	169,962	169,419

5 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Rents from parsonage houses	-	254,060	-	254,060	306,316
Company	-	254,060	-	254,060	306,316
Commercial trading operations	98,674	-	-	98,674	130,867
Group	98,674	254,060	-	352,734	437,183

6 Investment income

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Dividends and interest	403,771	147,565	-	551,336	514,042
Rents:					
Board properties	74,940	-	-	74,940	66,438
Glebe estate	284,121	-	-	284,121	296,898
Redundant schools	-	36,140	-	36,140	32,371
Company	762,832	183,705	-	946,537	909,749
Interest on loan to trading subsidiary	(1,774)	-	-	(1,774)	(1,240)
Group	761,058	183,705	-	944,763	908,509

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

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

7 Incoming resources from operating activities

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Other stipends income	4,896	-	-	4,896	6,239
Recoverable costs	13,202	-	-	13,202	10,320
Company	18,098	-	-	18,098	16,559
Costs recoverable from subsidiary	(3,764)	-	-	(3,764)	(3,835)
Group	14,334	-	-	14,334	12,724

8 Other incoming resources

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Realised gains on disposal of assets for the charity's own use	30,058	-	323,102	353,160	79,025
Group and company	30,058	-	323,102	353,160	79,025

9 Costs of generating funds

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Glebe: Outgoings	25,442	-	-	25,442	9,084
Management charges	23,400	-	-	23,400	23,400
Let vacant parsonages (management charges)	-	34,991	-	34,991	37,915
Central support costs	86,477	-	-	86,477	81,230
Company	135,319	34,991	-	170,310	151,629
Commercial trading operations	99,577	-	-	99,577	90,350
Group	234,896	34,991	-	269,887	241,979

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

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

10 Contributions to Archbishops' Council

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Training for Ministry	137,750	-	-	137,750	136,717
National Church responsibilities	113,208	-	-	113,208	112,124
Grants and provisions	67,779	-	-	67,779	60,715
Mission Agency pension contributions	5,758	-	-	5,758	7,574
Retired clergy housing costs (CHARM)	42,928	-	-	42,928	39,752
Group and company	367,423	-	-	367,423	356,882

11 Ministry in parishes

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Archdeacons, parish priests, assistant clergy and authorised lay ministers stipends, national insurance and pension contributions	3,351,193	-	-	3,351,193	3,216,136
Housing costs	1,381,314	-	-	1,381,314	1,093,546
Resettlement and associated costs	75,061	-	-	75,061	98,754
Other payments (including CMED)	84,216	-	-	84,216	56,095
Central support costs	73,621	-	-	73,621	71,775
Group and company	4,965,405	-	-	4,965,405	4,536,306

12 Support for ministry and mission

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Parish Resource Fund grants	120,348	-	-	120,348	152,218
Mission Fund grants	-	30,183	-	30,183	35,667
Diocesan support for ordinands in training	57,563	-	-	57,563	9,282
Children, young people and schools	92,483	55,214	-	147,697	165,786
Training and development	100,407	-	-	100,407	107,989
Specialist ministries	92,878	16,340	-	109,218	83,042
Social Responsibility	28,682	-	-	28,682	31,075
Diocesan Advisory Committee	31,061	-	-	31,061	32,609
Chancellor's and Registrar's retainers	63,439	-	-	63,439	61,030
Faculty fees	13,027	-	-	13,027	10,075
Communications	58,526	-	-	58,526	54,907
Closed church expenditure	-	13,126	-	13,126	7,633
General Synod members' expenses	6,900	-	-	6,900	8,703
Central support costs	231,774	-	-	231,774	224,635
Realised losses on disposals of tangible fixed assets	128	-	-	128	28,495
Group and company	897,216	114,863	-	1,012,079	1,013,146

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

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

13 Governance costs

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Diocesan Synod	2,545	-	-	2,545	2,402
Auditors' fees	7,703	-	-	7,703	7,440
Central support costs	40,561	-	-	40,561	35,888
Company	50,809	-	-	50,809	45,730
Auditors' fees - subsidiary	1,150	-	-	1,150	930
Group	51,959	-	-	51,959	46,660

14 Transfers between funds

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
General Fund / Pastoral Account transfer	964,409	(964,409)	-	-	-
Pastoral Account / Transformation Fund transfer	39,542	(39,542)	-	-	-
Board Houses fund / Parsonage Houses fund transfer	222,000	-	(222,000)	-	-
Payments to acquire property	-	(631,823)	631,823	-	-
Receipts from sale of property	-	3,140,102	(3,140,102)	-	-
Group and company	1,225,951	1,504,328	(2,730,279)	-	-

15 Unrealised gains and losses on revaluation

	Unrestricted funds £	Restricted funds £	Expendable endowment £	2013 £	2012 £
Revaluation of land and buildings	80,056	-	1,300,376	1,380,432	(1,068,827)
Revaluation of investments	290,854	292,549	788,078	1,371,481	894,156
Revaluation of Equity Sharing loans	(2,000)	-	-	(2,000)	9,000
Group and company	368,910	292,549	2,088,454	2,749,913	(165,671)

16 Net movement in funds

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
This is stated after charging:				
Staff costs (note 17)	783,532	690,157	714,072	622,132
Auditors' remuneration - audit fee	8,853	8,370	7,703	7,440
- other services	780	940	540	405
Realised losses on disposals of tangible fixed assets	128	28,628	6,208	28,495
Depreciation of tangible fixed assets	9,587	8,868	9,365	8,535
Interest payable (note 18)	8,123	9,525	8,123	9,525

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

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

16 Net movement in funds (continued)

	Group 2013 £	2012 £	Company 2013 £	2012 £
This is stated after crediting:				
Realised gains on disposals of tangible fixed assets	353,160	79,025	353,160	79,025
Realised gains on disposals of investment fixed assets	1,444,986	303,434	1,444,986	304,434
Income from listed investments	38	82	38	82

17 Staff costs

The average number of persons employed during the year, all in an administrative capacity, was:

	2013	2012
Company	20	18
Subsidiary	2	2
Group	<u>22</u>	<u>20</u>

The aggregate payroll costs were:

	Group 2013 £	2012 £	Company 2013 £	2012 £
Wages and salaries	617,753	554,991	562,987	500,225
Social security costs	50,259	42,791	46,466	38,998
Pension contributions	115,520	92,375	104,619	82,909
	<u>783,532</u>	<u>690,157</u>	<u>714,072</u>	<u>622,132</u>

No employee received emoluments of more than £60,000 per annum.

The Company also met the stipends of 96 (2012: 98) parochial clergy (including 2 Archdeacons) serving in the Diocese (see note 11). Clergy stipends and the salaries of licensed lay staff, although a Company responsibility, are paid through the Church Commissioners payroll.

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

18 Interest payable and similar charges

	2013 £	2012 £
On loans repayable within five years:		
Church Commissioners	8,123	7,910
CCLA Investment Management Limited	-	1,615
Group and company	<u>8,123</u>	<u>9,525</u>

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

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

19 Taxation

The Company is a registered charity and is not liable to UK corporation tax. The Company's trading subsidiary has a policy of donating its taxable profits to the Company under the gift aid scheme so that it also has no liability to UK corporation tax.

20 Tangible fixed assets

20.1 Freehold land and buildings

Group and company

	Board property	Parsonage houses	Equity sharing	Total
	£	£	£	£
<i>At valuation</i>				
At 1 January 2013	4,653,000	40,369,000	365,000	45,387,000
Transfer	222,000	(222,000)	-	-
Additions	825,399	631,823	-	1,457,222
Disposals	(388,000)	(2,817,000)	-	(3,205,000)
Revaluation adjustment	78,056	1,300,376	2,000	1,380,432
At 31 December 2013	5,390,455	39,262,199	367,000	45,019,654

Parsonage houses, board property and property equity shared with the Church Commissioners were valued, on 31 December 2013 on an existing use value basis by Mr M R Williams BSc (Hons) RMaPS MRICS, 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 2013	3,214,434	13,732,234	129,447	17,076,115
Additions	825,399	631,823	-	1,457,222
Disposals	(77,731)	(960,818)	-	(1,038,549)
At 31 December 2013	3,962,102	13,403,239	129,447	17,494,788

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

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

20 Tangible fixed assets (continued)

20.2 Office equipment

	Group £	Company £
<i>At cost</i>		
At 1 January 2013	97,210	95,063
Additions	10,364	9,595
Disposals	(2,010)	(2,010)
At 31 December 2013	<u>105,564</u>	<u>102,648</u>
<i>Depreciation</i>		
At 1 January 2013	63,202	61,722
Disposals	(1,882)	(1,882)
Charge for year	9,587	9,365
At 31 December 2013	<u>70,907</u>	<u>69,205</u>
<i>Net book value</i>		
At 31 December 2013	<u>34,657</u>	<u>33,443</u>
At 31 December 2012	<u>34,008</u>	<u>33,341</u>

20.3 Total tangible fixed assets

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
<i>Net book value</i>				
Freehold land and buildings	45,019,654	45,387,000	45,019,654	45,387,000
Office equipment	34,657	34,008	33,443	33,341
	<u>45,054,311</u>	<u>45,421,008</u>	<u>45,053,097</u>	<u>45,420,341</u>

21 Investments (held as fixed assets)

Group

	Freehold investment property (Glebe)	Listed investments	Unlisted investments	Total
	£	£	£	£
<i>At valuation:</i>				
At 1 January 2013	7,422,627	1,028	10,144,356	17,568,011
Additions	128,037	-	1,220,349	1,348,386
Disposals	(68,000)	-	-	(68,000)
Revaluation adjustment	-	200	1,371,281	1,371,481
At 31 December 2013	<u>7,482,664</u>	<u>1,228</u>	<u>12,735,986</u>	<u>20,219,878</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)

Company

	Shares in subsidiary undertaking	Freehold investment property (Glebe)	Listed investments	Unlisted investments	Total
	£	£	£	£	£
<i>At valuation:</i>					
At 1 January 2013	100	7,422,627	1,028	10,144,356	17,568,111
Additions	-	128,037	-	1,220,349	1,348,386
Disposals	-	(68,000)	-	-	(68,000)
Revaluation adjustment	-	-	200	1,371,281	1,371,481
At 31 December 2013	100	7,482,664	1,228	12,735,986	20,219,978

The Company owns the whole of the ordinary share capital, consisting of 100 ordinary shares of £1 each, of Diocese of Truro Enterprises Limited (DOTE). Further information about DOTE is given note 22.

Glebe property was professionally valued as at 31 December 2009 by Stratton & Holborow, Surveyors and Valuers, on an open market existing use basis at £7.87 million. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1978.

Listed investments are ordinary shares in UK listed companies.

Unlisted investments substantially comprise shares in The CBF Church of England Funds and M & G 'Charifund'.

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

The CBF Church of England Investment Fund	£4,301,026
The CBF Church of England UK Equity Fund	892,586
The CBF Church of England Global Equity Income Fund	4,606,275
M & G 'Charifund'	2,021,653

The corresponding historical cost figures are:

	Shares in subsidiary undertaking	Freehold investment property (Glebe)	Listed investments	Unlisted investments	Total
	£	£	£	£	£
<i>At cost:</i>					
At 1 January 2013	100	460,001	845	8,529,400	8,990,346
Additions	-	128,037	-	1,220,349	1,348,386
Disposals	-	-	-	-	-
At 31 December 2013	100	588,038	845	9,749,749	10,338,732

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

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

22 Diocese of Truro Enterprises Limited

The Company's wholly owned trading subsidiary's principal activity is the provision of building project management services primarily, but not exclusively, to Church of England schools in the Diocese of Truro.

A summary of the trading results is shown below:

	2013 £	2012 £
Turnover	98,674	130,867
Operating costs	(104,491)	(95,115)
Amount gift aided to Company	-	(34,171)
Interest payable	(1,774)	(1,240)
(Loss)/profit for the year	<u>(7,591)</u>	<u>341</u>

The assets and liabilities of the subsidiary were:

	2013 £	2012 £
Tangible fixed assets	1,214	667
Current assets	12,184	82,253
Amounts owed to holding company	(16,183)	(69,616)
Other creditors	(4,516)	(13,014)
	<u>(7,301)</u>	<u>290</u>
Equity shareholders' funds	<u>(7,301)</u>	<u>290</u>

23 Debtors

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
<i>Amounts falling due within one year</i>				
Trade debtors	260	69,985	-	-
Loans to parishes and others	5,500	268	5,500	268
Amounts owed by subsidiary company	-	-	16,183	69,616
Other debtors including Glebe rents and clergy assigned fees	243,122	495,068	243,122	495,068
	<u>248,882</u>	<u>565,321</u>	<u>264,805</u>	<u>564,952</u>
<i>Amounts falling due after more than one year</i>				
Loans to parishes and others	19,588	13,668	19,588	13,668
	<u>268,470</u>	<u>578,989</u>	<u>284,393</u>	<u>578,620</u>

The company has provided a loan facility of up to £50,000 to Diocese of Truro Enterprises Limited (DOTE). At the company's discretion, DOTE has been allowed to draw down from this sum just sufficient to maintain its solvency. The running debt balance is secured by a floating charge over DOTE's assets and incurs a compound interest charge of 5% on the outstanding balance. The company has agreed to extend this facility, on the same terms, until 31 March 2015.

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

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

23 Debtors (continued)

The balance owed by DOTE at 31 December 2013 was £16,183 (2012: £69,616).

24 Cash at bank and in hand

	Group 2013 £	2012 £	Company 2013 £	2012 £
The CBF Church of England Deposit Fund	4,612,640	1,819,545	4,612,640	1,819,545
COIF Charities Deposit Fund	116,098	77,372	116,098	77,372
The Church Commissioners for England	4,802	(1,962)	4,802	(1,962)
Barclays Bank PLC	7,838	7,393	7,838	7,393
National Westminster Bank PLC	233,316	774,512	222,041	767,844
Scottish Widows Bank PLC	70,471	800,000	70,471	800,000
Cash in hand	233	233	233	233
	5,045,398	3,477,093	5,034,123	3,470,425
Less: attributable to local trust funds	(481,593)	(478,714)	(481,593)	(478,714)
	4,563,805	2,998,379	4,552,530	2,991,711

25 Loans

Group and company

	2013 £	2012 £
Church Commissioners:		
Equity Sharing Loans	366,460	364,460
The Central Board of Finance of the Church of England (CBF):		
Church Schools Fund Loan	600	900
CCLA Investment Management Limited:		
Diocesan Loan Scheme	-	-
	367,060	365,360
Amounts falling due within one year	(366,760)	(364,760)
Amounts falling due after more than one year	300	600

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

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

25 Loans (continued)

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. These loans are revalued annually in line with the revaluation of the underlying properties (as disclosed in note 20) since full repayment will eventually equate to the current market value of the underlying properties. Interest is payable by quarterly instalments over 20 years at 5% of capital balance.

The Church Schools Fund Loan was used to finance certain school building projects. This loan is repayable over 20 years and interest-free.

The Diocesan Loan Scheme operates as a flexible draw-down and repayment arrangement. In 2012, the Company borrowed and repaid £830,000 in the year, incurring interest of £1,615 calculated according to the average daily rate declared by The Church of England Deposit Fund over each month plus 0.55%. A borrowing facility of £1M remains available for potential future use.

26 Other creditors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	67,637	502,630	67,637	502,630
Other creditors	82,673	83,898	79,106	71,814
Accruals and deferred income	191,531	225,933	190,581	225,003
	341,841	812,461	337,324	799,447

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

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

27 Funds employed

27.1 Summary of fund movements

Company	Balance b/fwd £	Incoming resources £	Resources expended £	Revaluation adjustment £	Transfers £	Balance c/fwd £
Unrestricted funds						
General Fund	3,372,414	5,466,081	(6,376,630)	290,854	590,568	3,343,287
Designated funds:						
Board Houses Fund	4,653,000	30,058	-	78,056	629,341	5,390,455
Densham Loan Fund	35,000	-	-	-	(33,500)	1,500
Diocesan Loan Fund	18,664	-	-	-	-	18,664
Transformation Fund	-	-	(39,542)	-	39,542	-
	8,079,078	5,496,139	(6,416,172)	368,910	1,225,951	8,753,906
Restricted funds						
Pastoral Account	1,208,500	394,304	(48,117)	263,544	1,504,328	3,322,559
Diocesan Council for Mission & Unity	90,222	16,895	(16,340)	-	-	90,777
Education Trusts	923,803	94,895	(55,214)	28,946	-	992,430
Mission Fund	79,157	57,430	(30,183)	-	-	106,404
Bishop Phillpotts Prize Fund	6,176	-	-	59	-	6,235
	2,307,858	563,524	(149,854)	292,549	1,504,328	4,518,405
Expendable endowments						
Parsonage Houses Fund	40,369,000	323,102	-	1,300,376	(2,730,279)	39,262,199
Stipends Fund Capital Account	14,638,040	1,444,986	-	788,078	-	16,871,104
	55,007,040	1,768,088	-	2,088,454	(2,730,279)	56,133,303
Company total	65,393,976	7,827,751	(6,566,026)	2,749,913	-	69,405,614
Subsidiary	190	98,674	(106,265)	-	-	(7,401)
Adjustments arising on consolidation	-	(5,538)	5,538	-	-	-
Group total	65,394,166	7,920,887	(6,666,753)	2,749,913	-	69,398,213

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

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

27 Funds employed (continued)

27.2 Purposes of funds

Unrestricted funds

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 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. The responsibility for car loans was assumed by the Church Commissioners in 1988 but the fund is still reserved for this purpose and has been recently used to assist a non-stipendiary minister.

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

The Transformation Fund has been created to administer the financial resources for specific investment in the strategic initiatives aimed at reshaping and equipping the Diocese to achieve its overarching vision to *Discover God's Kingdom and Grow the Church*. The fund is supported by appropriations from the Pastoral Account.

Restricted funds

The Pastoral Account mainly represents the proceeds of sale of redundant parsonage houses which, may be applied for the extensive purposes permitted by section 94 of the Mission and Pastoral Measure 2011.

The Truro Diocesan Council for Mission and Unity funds are managed by the World Church Committee (a sub-committee of the company) for the purpose of enabling the diocese to be a vibrant part of the world-wide church. Specifically, it actively promotes formal links with other dioceses, currently with the Diocese of Strangnas in Sweden. (The link with the Diocese of Umzimvubu in South Africa ceased in 2013 but, possibilities of another new link Diocese are being explored).

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

The Mission Fund receives an annual allocation of funds from Archbishops' Council for the specific purposes of investment in new mission initiatives or, the resourcing of existing ministry in parishes where such assistance is most needed.

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

Endowment funds

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

The Stipends Fund Capital Account is mainly represented by the book value of Glebe property and other investment assets. The fund generates income for the payment of stipends and can only be invested or applied to the capital purposes permitted by the Endowments and Glebe Measure 1976 and the Miscellaneous Provisions Measure 1992.

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

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

27 Funds employed (continued)

27.3 Analysis of net assets between funds

At 31 December 2013:

	Tangible fixed assets	Investments	Net current assets/ (liabilities)	Long term creditors	Total
	£	£	£	£	£
Company					
Unrestricted funds					
General Fund	33,443	2,445,066	865,078	(300)	3,343,287
Designated funds:					
Board Houses Fund	5,757,455	-	(367,000)	-	5,390,455
Densham Loan Fund	-	-	1,500	-	1,500
Diocesan Loan Fund	-	-	18,664	-	18,664
Transformation Fund	-	-	-	-	-
	<u>5,790,898</u>	<u>2,445,066</u>	<u>518,242</u>	<u>(300)</u>	<u>8,753,906</u>
Restricted funds					
Pastoral Account	-	2,447,792	874,767	-	3,322,559
Diocesan Council for Mission and Unity	-	-	90,777	-	90,777
Education Trusts	-	270,187	722,243	-	992,430
Mission Fund	-	-	106,404	-	106,404
Bishop Phillpotts Prize Fund	-	542	5,693	-	6,235
	<u>-</u>	<u>2,718,521</u>	<u>1,799,884</u>	<u>-</u>	<u>4,518,405</u>
Expendable endowments					
Parsonage Houses Fund	39,262,199	-	-	-	39,262,199
Stipends Fund Capital Account	-	15,056,391	1,814,713	-	16,871,104
	<u>39,262,199</u>	<u>15,056,391</u>	<u>1,814,713</u>	<u>-</u>	<u>56,133,303</u>
Company total	45,053,097	20,219,978	4,132,839	(300)	69,405,614
Subsidiary	1,214	-	(8,615)	-	(7,401)
Adjustments arising on consolidation	-	(100)	100	-	-
Group total	45,054,311	20,219,878	4,124,324	(300)	69,398,213

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

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

28 Revaluation reserve

Group and company

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

	Balance b/fwd £	Transfer £	Unrealised profit in year £	Realised on disposals £	Balance c/fwd £
General Fund	196,478	-	290,854	-	487,332
Board Houses Fund	1,438,565	222,000	78,056	(310,269)	1,428,352
Pastoral Account	270,058	-	263,544	-	533,602
Education Trusts	(10,044)	-	28,946	-	18,902
Bishop Phillpotts Prize Fund	188	-	59	-	247
Parsonage Houses Fund	26,636,766	(222,000)	1,300,376	(1,856,182)	25,858,960
Stipends Fund Capital Account	8,121,087	-	788,078	(68,000)	8,841,165
	<u>36,653,098</u>	<u>-</u>	<u>2,749,913</u>	<u>(2,234,451)</u>	<u>37,168,560</u>

Analysis of net assets between funds at 31 December 2013:

	Tangible fixed assets £	Investments £	Total £
General Fund	-	487,332	487,332
Board Houses Fund	1,428,352	-	1,428,352
Pastoral Account	-	533,602	533,602
Education Trusts	-	18,902	18,902
Bishop Phillpotts Prize Fund	-	247	247
Parsonage Houses Fund	25,858,960	-	25,858,960
Stipends Fund Capital Account	-	8,841,165	8,841,165
	<u>27,287,312</u>	<u>9,881,248</u>	<u>37,168,560</u>

29 Commitments

	2013 £	2012 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for:		
Church Schools (through Private Finance Initiative funding):		
Contract due to expire in 2031	<u>98,000</u>	<u>103,000</u>

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

Expenditure authorised but not contracted for:		
Glebe property improvements	<u>-</u>	<u>48,000</u>

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

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

30 Pensions

Group and company

Clergy

The Company participates in the Church of England Funded Pensions Scheme and employs 95 members of the scheme out of a total membership of approximately 8,500 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. A valuation of the scheme was carried out as at 31 December 2012. This revealed a shortfall of £293M, with assets of £896M and a funding target of £1.189M, assessed using the following assumptions:

- an investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% per annum on gilts and 5.2% per annum on equities;
- Retail price inflation of 3.2% per annum (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% per annum; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

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 2012 valuation, the Company's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293M shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the scheme).

Contribution rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

Lay

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

A valuation of the DBS was carried out as at 31st December 2010 and the Company's contribution rate in respect of future accruing benefits was revised to 29.3% of pensionable salaries and additional contributions in respect of the shortfall in the Employer sub-pool of £118,300 were paid by the Company, in full, in March 2012.

The next valuation of the DBS is due as at 31 December 2013 and the work will be performed over 2014.

At 31st December 2013, the Company had 14 (2012: 14) active members and 15 (2012: 16) deferred pensioner members in the DBS.

For eligible employees who commenced employment after 1 February 2010, the Company participates in the Church of England Pension Builder Scheme (PBS), within the Church Workers Pension Fund.

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

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

30 Pensions (continued)

The PBS is a defined benefit scheme, which is administered by the Church of England Pensions Board, and provides benefits at retirement based on contributions made to the PBS prior to the date of retirement.

The assets of the PBS are held separately from those of the Company. As at the formal valuation at December 2010, the PBS was in surplus on an ongoing funding basis. The next formal valuation of the PBS is due as at 31 December 2013 and the work will be performed over 2014.

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 PBS. For schemes like this, paragraph 9(b) of Financial Reporting Standard (FRS17) requires the Company to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The Company contributes 9% of basic salary. In addition, the employer will pay a contribution of 3% if the employee pays 2.5% or, 6% if the employee pays 4.5%. The contributions for the year totalled £15,357 (2012; £10,249) and there were no contributions outstanding at the year end.

The Company had 7 (2012; 5) active members and 1 (2012; 1) deferred member in the PBS at 31 December 2013.

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

	2013 £	2012 £
Surplus for the year	1,254,134	231,347
Depreciation	9,587	8,868
Profit on sale of fixed assets	(1,798,146)	(382,459)
Loss on sale of fixed assets	128	28,628
Interest payable	8,123	9,525
Decrease/(increase) in work in progress	4,950	(1,975)
(Increase) in loans to parishes and others	(11,152)	(3,520)
Decrease/(increase) in debtors	321,671	(273,749)
(Decrease)/increase in creditors	(470,620)	439,200
Net cash(outflow)/ inflow from operating activities	<u>(681,325)</u>	<u>55,865</u>

32 Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase/(decrease) in cash and cash equivalents in year	1,565,426	(268,103)
Cash outflow from decrease in debt	300	300
	<u>1,565,726</u>	<u>(267,803)</u>
(Increase)/decrease in equity sharing loans	(2,000)	9,000
Movement in net funds in the year	1,563,726	(258,803)
Net funds at beginning of the year	2,633,019	2,891,822
Net funds at end of the year (note 33)	<u>4,196,745</u>	<u>2,633,019</u>

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

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

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	2,998,379	1,565,426		4,563,805
Debts due within one year	(364,760)	-	(2,000)	(366,760)
Debts due after more than one year	(600)	300		(300)
		300		
Total	2,633,019	1,565,726	(2,000)	4,196,745

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 2013, 6 directors were paid £7,400 (2012: 10 directors £6,564). However, of the directors listed on page 1, the Company also remunerated the Archdeacons, the Chairman of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

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

35 Funds held on behalf of others

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

	2013 £	2012 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	2,791,912	2,367,833
	<u>2,997,112</u>	<u>2,573,033</u>
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	1,813,409	1,619,772
	<u>1,819,609</u>	<u>1,625,972</u>

The Company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2013, the Company held £381,216 (2012: £524,402) in designated bank accounts separate from those of the Company.

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

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

36 Contingent liability

The St Endellion Festivals Trust regards the rectory at St Endellion as an integral part of the development of a ministry of Spirituality and the Arts based at St Endellion. The promotion of such a project is part of the current priest in charge's brief. As part of an appeal, launched in 2008 by the Trust and St Endellion PCC, the Trust has contributed to the Company the sum of £65,286 towards the cost of repairs required to the rectory. In the event that the Bishop decides to sell the rectory at any time before the end of 5 years from the end of the present priest in charge's ministry, the Company must repay this contribution out of the proceeds from the sale of the house.

**The following information on pages 51 to 58 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 2013

	Note	2013 Budget £	2013 Actual £	2012 Actual £
Income				
Ministry and Mission Fund		3,285,400	3,397,512	3,333,533
Grants from Church Commissioners		819,800	819,750	785,449
Grant from Diocesan Pastoral Account		827,100	964,409	701,852
Parochial fees		150,000	341,557	317,698
Investment income	1	727,900	762,832	753,514
Grants from Ecclesiastical Insurance Group and others		117,300	102,854	129,197
Gift Aid donation from subsidiary company		-	-	34,171
Other donations and sundry income		26,100	3,675	2,920
Total income		5,953,600	6,392,589	6,058,334
Expenditure				
Contributions to Archbishops' Council	2	367,500	367,423	356,882
The Ministry	3	3,104,100	3,426,254	3,314,890
Property				
Parsonages and Board property	4	1,252,300	1,381,314	1,093,546
Glebe property	5	46,800	48,842	32,484
Care of churches	6	50,200	48,088	46,684
		1,349,300	1,478,244	1,172,714
Formation, Education and Discipleship				
Board of Education	7	100,500	92,483	96,965
Formation, Education & Discipleship Council	8	186,700	221,117	182,731
		287,200	313,600	279,696
Mission and Pastoral				
Kingdom	9	55,500	54,405	51,490
Evangelism		6,500	2,953	1,761
MAPping and other functions of DMPC	10	69,200	60,574	54,654
		131,200	117,932	107,905
Communications	11	42,800	58,526	54,907
Bishop's Advisers	12	36,700	45,729	38,359
Diocesan Support Ministries				
Diocesan House administration	13	338,700	344,110	331,451
Synods' expenses		9,800	9,445	11,105
Legal and professional fees	14	55,700	53,367	58,288
Diocesan Pastoral Resource Fund		120,000	120,348	152,218
		524,200	527,270	553,062
Total expenditure		5,843,000	6,334,978	5,878,415
Surplus for year on budgeted activities		110,600	57,611	179,919

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

Notes to the Company General Fund Income and Expenditure Account
for the year ended 31 December 2013

1	Investment income	2013 Budget £	2013 Actual £	2012 Actual £
	Dividends and interest	390,300	403,771	390,178
	Rents from Glebe property	299,000	284,121	296,898
	Rents from Board property	38,600	74,940	66,438
		727,900	762,832	753,514
2	Contributions to Archbishops' Council	2013 Budget £	2013 Actual £	2012 Actual £
	Training for Ministry	137,800	137,750	136,717
	National Church responsibilities	113,200	113,208	112,124
	Grants and provisions	67,800	67,779	60,715
	Mission Agencies pension contributions	5,800	5,758	7,574
	Church Housing Assistance for Retired Clergy (CHARM)	42,900	42,928	39,752
		367,500	367,423	356,882
3	The Ministry	2013 Budget £	2013 Actual £	2012 Actual £
	Clergy stipends	2,127,400	2,340,194	2,232,147
	National insurance contributions	155,800	175,623	172,968
	Pension scheme contributions	712,500	809,104	755,820
	Recruitment and resettlement	91,500	75,061	98,754
	Archdeacons' expenses and secretarial support	14,200	26,272	33,342
	Implementing Clergy Terms of Service	2,700	-	21,859
		3,104,100	3,426,254	3,314,890
4	Parsonages and Board property expenditure	2013 Budget £	2013 Actual £	2012 Actual £
	Repairs and minor improvements	837,100	984,888	715,249
	Council tax	199,800	198,804	184,165
	Water charges	73,600	61,682	61,295
	Insurances	33,000	28,513	26,330
	Rents payable	-	-	4,896
	Loan interest	8,100	8,123	7,910
	Staff payroll costs and expenses	92,700	92,939	84,302
	Other administration	8,000	6,365	9,399
		1,252,300	1,381,314	1,093,546

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

Notes to the Company General Fund Income and Expenditure Account
for the year ended 31 December 2013

5	Glebe property expenditure	2013 Budget £	2013 Actual £	2012 Actual £
	Repairs and maintenance	9,000	12,301	2,932
	Insurance	1,800	872	963
	Managing Agent's fees	23,400	23,400	23,400
	Travelling and other expenses	3,000	3,201	2,057
	Professional fees	9,000	8,339	2,842
	Bank charges	300	263	283
	Sundry expenses	300	466	7
		46,800	48,842	32,484
6	Care of churches	2013 Budget £	2013 Actual £	2012 Actual £
	Faculty fees	10,000	13,027	10,075
	Staff payroll costs	29,100	24,185	24,954
	Chancellor's retainer	4,000	4,000	4,000
	Incorporated Church Building Society	200	200	200
	Office administration	6,900	6,676	7,455
		50,200	48,088	46,684
7	Board of Education	2013 Budget £	2013 Actual £	2012 Actual £
	Staff payroll costs	81,200	79,765	80,688
	Officers' expenses	6,500	4,470	4,464
	Resources, events, training & conferences	6,700	5,890	8,941
	Office administration	6,100	2,358	3,299
	Grants received	-	-	(427)
		100,500	92,483	96,965
8	Formation, Education & Discipleship Council	2013 Budget £	2013 Actual £	2012 Actual £
	Continuing Ministerial Education and Development:			
	Staff payroll costs	86,600	91,051	97,544
	Other CMED expenses	79,600	60,279	66,540
	Readers Committee	6,200	4,531	2,700
	Liturgy	-	1,475	-
	Spiritual formation	-	230	-
	Bishop Phillpott's Library	6,400	5,988	6,665
	Ordinands and newly ordained	7,900	57,563	9,282
		186,700	221,117	182,731

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

Notes to the Company General Fund Income and Expenditure Account
for the year ended 31 December 2013

9	Kingdom	2013 Budget £	2013 Actual £	2012 Actual £
	Rural Link Officer	1,300	870	285
	Unity	13,200	14,064	13,502
	World Church	4,600	8,174	1,976
	Social Responsibility	31,300	28,111	28,355
	Family Life and Marriage Education (FLAME)	1,800	571	2,720
	Environmental Group	1,700	1,322	4,302
	Ministry to Visitors	800	-	-
	Disability Issues and Training	800	1,293	350
		55,500	54,405	51,490
10	MAPPING and other functions of DMPC	2013 Budget £	2013 Actual £	2012 Actual £
	Officers' payroll costs	62,600	57,581	48,449
	Office expenses	6,600	2,993	6,205
		69,200	60,574	54,654
11	Communications	2013 Budget £	2013 Actual £	2012 Actual £
	Officer's payroll costs and expenses	31,900	32,316	32,552
	Website development and maintenance	2,000	2,511	3,226
	Publications	8,500	23,190	18,695
	Newspapers	400	509	434
		42,800	58,526	54,907
12	Bishop's Advisers	2013 Budget £	2013 Actual £	2012 Actual £
	Child and adult safeguarding	26,700	36,061	27,156
	Ministry of Deliverance	500	241	756
	Ministry of Healing	500	(200)	283
	Ministry to the Deaf	6,500	7,258	7,504
	Ministry of Pastoral Care	2,000	1,872	2,413
	Womens' Ministry	-	404	-
	Cornish Language Services	500	93	247
		36,700	45,729	38,359

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

Notes to the Company General Fund Income and Expenditure Account
for the year ended 31 December 2013

13 Diocesan House administration	2013 Budget £	2013 Actual £	2012 Actual £
Staff payroll costs	247,000	251,901	239,739
Pension payments	2,500	2,052	2,386
Staff travelling, courses, conferences etc	12,000	12,118	11,747
Accommodation costs	29,400	29,782	27,327
Printing, stationery and publications	13,700	17,184	10,585
Postage and telephone	16,700	14,785	13,307
Bank charges	2,500	3,357	4,085
Boards' and Committees' expenses	1,500	1,131	1,773
Replacement of office equipment	28,300	25,002	30,822
Recoverable costs	(14,900)	(13,202)	(10,320)
	338,700	344,110	331,451

14 Legal and professional fees	2013 Budget £	2013 Actual £	2012 Actual £
Registrar's retainer	53,200	53,159	52,063
National insurance	4,600	6,280	4,967
Church Commissioners contribution	(22,600)	(24,699)	(24,196)
Audit fees	7,900	7,703	7,440
Diocesan Records Office	5,600	5,600	5,400
Digitised mapping of parish boundaries	2,000	209	3,224
General legal and professional costs	5,000	5,115	9,390
	55,700	53,367	58,288

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

*Pastoral Account Income and Expenditure Account
for the year ended 31 December 2013*

	2013 Actual £	2012 Actual £
Income		
Investment income	130,479	106,635
Rents from parsonage houses	254,060	306,316
Marshall's Charity	9,030	-
Parsonages sundry income	735	5,000
Gross income	<u>394,304</u>	<u>417,951</u>
Expenditure		
Grant to General Fund	964,409	701,852
Grant to Transformation Fund	39,542	-
Letting agents charges	34,991	37,915
Closed churches and ruins	13,126	7,633
Gross expenditure	<u>1,052,068</u>	<u>747,400</u>
Deficit for year	<u>(657,764)</u>	<u>(329,449)</u>

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

Transformation Fund
Income and Expenditure Account
for the year ended 31 December 2013

	2013 £	2012 £
Income		
Grant from Diocesan Pastoral Account	39,542	-
Gross income	<u>39,542</u>	<u>-</u>
Expenditure		
Discipleship	5,834	-
Accompanied Ministry Development	27,459	-
Doing Church Differently	6,249	-
Gross expenditure	<u>39,542</u>	<u>-</u>
Surplus for the year	<u>-</u>	<u>-</u>

**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 2013

	2013 £	2012 £
Income		
Investment income	12,646	10,600
Interest received	3,836	5,924
Rents receivable	36,140	32,371
Department for Education	42,273	48,200
Gross income	<u>94,895</u>	<u>97,095</u>
Expenditure		
Payments in respect of various schools	46,970	48,755
Professional and legal fees	278	2,472
Academy Trusts - development and support	3,884	17,167
Sundry expenses	4,082	-
Gross expenditure	<u>55,214</u>	<u>68,394</u>
Surplus for the year	<u>39,681</u>	<u>28,701</u>