

Company Registration No. 00049825
Charity No. 248330

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

FINANCIAL STATEMENTS

31 December 2020



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

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Trustees' Annual Report

For the year ended 31 December 2020

I cry to you O Lord for help, and you have healed me

2020 brought colossal challenges to the life of the church and to the Trustees of the Truro Diocesan Board of Finance (TDBF). The underlying reality is that the Covid-19 pandemic has had and continues to have a serious impact.

There are four financial "headlines" in this report:

Fall in MMF income

Income from MMF dropped dramatically in 2020 with the Truro Diocesan Board of Finance (TDBF) showing the worst performance of any diocese. It fell by £523k when compared to the 2019 income, which is a 14.78% decrease. It has fallen by almost £900k, 23%, since 2017.

54 parishes paid their call in full which is also a fall from 2019 levels when 88 paid in full, and 10 parishes didn't contribute anything an increase from 2 in 2019. These are concerning numbers and work has started on addressing this: see Plans for the future on page 7.

Controlled expenditure and use of reserves

The TDBF made strategic decisions in response to the financial challenges of the year which included:

- not to reduce expenditure by wide ranging emergency cost-cutting among clergy and lay posts;
- to maintain spending on parsonage repair and maintenance as far as Covid-19 restrictions would allow;
- to make funds available for emergency parish loans and
- to resource and accelerate planning for a balanced budget.

The trustees of the TDBF used the principle that the Company's strong reserves allow time to change but not permission to stay the same, which enabled the above decisions to be made.

Financial impact of Covid-19

It is hard to know with any certainty how much of the fall in both income and expenditure is purely due to Covid-19, but we believe the financial impact was in the region of £500k, being a fall in income of £675k against which cost savings of £175k were made.

The value of our properties has increased

The property market in Cornwall has been strong during 2020 and this has resulted in a 11.5% increase in the value of our property portfolio during the year, which equates to an unrealised gain of £4,786k.

The trustees, who are also the directors for the purposes of company law, present their annual report together with the audited financial statements for the year ended 31 December 2020.

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

This combined report satisfies the legal requirements for:

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

Legal Objects

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

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

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

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Legal Objects (continued)

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

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

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

Vision, Aims and Objectives

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

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

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

These priorities were published and promoted across the diocese during 2020 particularly at Diocesan Synod and Roadshows.

The business model for the Board of Finance in 2020 continued to be relatively simple:

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

Activities and achievements during the year

The Saints' Way was launched, as reported in the Vision, Aims and Objectives. The pandemic impacted the capacity of stakeholders to promote the priorities and commitments in the Saints' Way. The decision making responding to the challenges presented by the pandemic were, however, influenced by them, including the decisions to sustain our work to care for the earth and to continue to resource the work of the ministry and parish support teams at Church House.

The Governance Review was completed in 2020 with all recommendations agreed by BDC and necessary formal approvals received and approved by Diocesan Synod in September 2020.

Core functions of the TDBF were maintained during 2020 despite the pandemic with the majority of work taking place remotely since the start of the first lockdown in March 2020.

Key strategic decisions taken by trustees in 2020 were:

- to maintain clergy and lay posts;
- to maintain expenditure on the property portfolio;
- to make funding available to parishes to assist with the financial impact of the pandemic;

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Activities and achievements during the year (continued)

- to commit to a fruitful and sustainable diocese;
- to commit to achieving a balanced budget;
- to commit to the net zero 2030 General Synod motion of February 2020;
- to increase further the diocesan safeguarding provision, having approved the safeguarding strategy and;
- to commit to a review of how the Lowest Income Communities funding (LICF) is used in the diocese.

Public benefit

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

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

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

The Christian Presence

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

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

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

	2020	2019
Stipendiary priests	62	66
Self-supporting priests	13	12
'House for Duty' priests	6	6
Stipendiary curates	18	14
Self-supporting curates	11	11
Readers	112	116
Priests with Permission to Officiate (incl retired and non-retired)	161	170
Local Worship Leaders	269	331
Local Pastoral Ministers	253	305

Work with schools

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

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

Much of the focus has been on pastoral support for school staff and school leaders. This has included the series of virtual heads reflection spaces, funding the headship support programme from Cornwall Association of Primary Heads (CAPH) and funding wellbeing sessions for all school staff through Mindfit, a local organisation. Work has been carried out with Newly Qualified Teachers across the diocese and in providing extensive governance support and guidance. The Diocesan Director of Education

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Work with schools (continued)

(DDE) gives ongoing support and guidance to heads and trusts, as well as linking to resources from the national DDE network and lobbying as the voice of schools locally, regionally and nationally.

Volunteers

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

Plans for the future

In response to the impact on the diocese of Covid-19, the trustees are planning for a church that is different, not a simple restoration of the church that was.

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

This prompted a piece of work which resulted in On the Way. On the Way will work with deaneries who will be given the support of advisors to work closely with the Rural Dean to enable the church communities and those that they serve to dream, pray and plan for the future. The destination being sought is fruitful and sustainable. The trustees know that this goal will not be reached by writing a strategy for fruitfulness and sustainability, which is then given to churches to put into action. The Holy Spirit is much more likely to be at work in and around local communities, and the fruitful and sustainable future being longed for is most likely to be discerned by local churches, working together in deaneries, seeking the Spirit and looking to join in.

Alongside the On the Way work another piece of work has been progressing on establishing how the Lowest Income Communities (LICF) funding can be used differently within the diocese to try and ensure that the communities that experience poverty have genuine engagement in how money that relates to their community is used. Since year end a firm decision has been made by BDC to allocate the LDCF differently and this will be an integral part of the On the Way process.

The principles behind the current arrangements for MMF will be reviewed in 2021.

It is hoped that with all of these changes the 2022 budget will show a more sustainable financial projection with a reduced deficit and the vision is that the 2023 operating budget will be balanced. This is a very challenging ambition but the trustees are hopeful this can be achieved.

Financial Review

Financial performance

The SOFA for the year shows total income of £6,972k (2019: £7,262k) and total expenditure of £7,414k (2019: £7,638k), resulting in net expenditure of £442k (2019: £376k).

The decrease in income of £289k is predominantly due to reduced MMF income of £523k along with reduced investment income of £122k and café income of £71k which were partly offset by increased grant income of £130k for the Transforming Mission projects, curates and safeguarding work and the profit on the sale of two properties of £298k.

Mission & Ministry Fund (MMF), the contributions given by parishes to fund the ministry costs of the diocese remain the main source of income for the diocese. In 2020 this income reduced by £523k to £3,016k (2019: £3,539k). The MMF collection rate fell to 64.31%, the lowest it has ever been.

Expenditure decreased by £224k. This is predominantly due to a reduction in the losses made on the sale of properties £482k and a reduced level of spend on housing of £519k and education of £102k which are offset by the movement in the clergy pension liability in 2019 of £855k which didn't occur in 2020.

In addition, the gains on investments assets of £752k and the unrealised gains on property revaluations of £4,786k contributed to the total fund balances increasing from £96.2m to £101.3m.

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Significant property transactions

In 2020 TDBF sold 3 properties, for net proceeds of £1,362k, that were surplus to requirements and purchased no properties.

The DBF policy continues to be:

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

Balance Sheet position

The net assets at the balance sheet date totalled £101,274k (2019: £96,177k). This includes properties totalling £50,799k (2019: £47,533k), which are mainly used to house the stipendiary clergy. Much of the remainder of the assets shown in the balance sheet are held in restricted and endowment funds and cannot necessarily be used for the general purposes of the DBF.

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

Reserves Policy

Free reserves

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

	General Fund £'000k	Designated Funds £'000k	Pastoral Account £'000k	Total £'000k
Working Capital	700k	-	-	700k
Bridging loan for replacing parsonages	-	-	1,000k	1,000k
Provision for covering any unexpected deficit	500k	-	-	500k
Additional working capital for regular housing maintenance and repairs	-	-	200k	200k
Funding any future developments arising from decisions taken at the BDC	100k	-	-	100k
Loans to PCCs	400k	-	-	400k
Designated Funds	-	10,610k	-	10,610k
Diocesan Pastoral Account - Benefice Accounts	-	-	6,000k	6,000k
Total	1,700k	10,610k	7,200k	19,510k

As at 31 December 2020 the amount of readily realisable assets in the General Fund required under the policy is £1,700k (2019: £1,850k), as per the table above. Actual free reserves as at 31 December 2020 amounted to £2,230k (2019: £3,397k) which is above the target amount.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is considered to be prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund in the event that the purpose of their designation is no longer considered to be adequate justification for their retention. A description of each fund together with the intended use of the reserve is set out in note 25. At 31 December 2020 total designated reserves were £12,610k (2019: £11,077k). At the end of the year, the amount of the Pastoral Account that must be ringfenced pending proposed pastoral reorganisations amounted to £4,900k (2019: £4,900k).

Restricted and endowment funds

As set out in note 25 TDBF holds and administers a number of restricted and endowment funds. As at 31 December 2019 restricted funds totalled £12,715k (2019: £11,720k) and endowment funds totalled £73,720k (2019: £69,947k). None is available for the general purposes of the TDBF.

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Fundraising Activities

The charity undertakes very limited fundraising activities directly with individuals. The majority of the DBF's income comes from other charitable entities. The DBF does not use third party professional fundraisers and did not receive any complaints about its fundraising practices during 2020.

Investment policies

Under the Articles of Association, the company has the power to make any investment which the Trustees see fit. The Investment Management Committee oversees the management of the company's investment assets (apart from Glebe land and buildings which are the specific responsibility of the Glebe Committee). The company's Investment Policy and Principles Statement sets out a practical framework of guidelines and conditions within which the company's investments shall be administered and was updated in January 2020.

It is expected that an ethical approach is adopted at all times and the Trustees require that regard shall be had to the ethical investment policy published by The Church of England's Ethical Investment Advisory Group. More recently the church's objective of net zero by 2030 has also been encompassed into the work of the Investment Management Committee. CCLA have divested from all oil and gas company holdings with M&G adopting an approach of engagement with fossil fuel producers in the hope that pressure can be brought to bear to ensure the exploration and research activities are either abandoned or redirected towards renewables. There are signs that this approach is bearing fruit. The maintenance of capital in real terms together with the level and predictability of income is a priority. The TDBF is able to take a very long term view in investment terms, accepting volatility of capital in the short term. The resulting tolerance of risk and the ability to take the long view imply an acceptance of exposure to equities, the belief being that this asset class is likely to provide the best overall returns over the envisaged timescale. It is expected that other asset classes are included to moderate risk and to help ensure that income is maintained.

Historically, the Committee has felt it prudent to rely on external fund managers' (CCLA & M&G) Common Investment Funds and Common Deposit Funds in order to obtain the appropriate degree of diversification and to ensure adherence to our ethical criteria. The Committee is very sensitive to the effect of charges on investment performance, as well as being aware that it lacks the resources to manage the investments itself. Use of specialist charity funds ensures that the appropriate level of expertise is employed at a reasonable cost. The Investment Management Committee has the authority to consider other managers and types of fund in order to gain exposure to different asset classes and to diversify further, subject to appropriate due diligence.

During 2020 the Investment Management Committee became increasingly concerned as M&G Charifund issued a succession of warnings that it would be unable to maintain its distribution, given its focus on many of the sectors and businesses in the UK that were being hit hardest by the pandemic. In the event the payment was cut by 18% with the managers being forced to draw on reserves. In addition, it was felt that the concentration on the UK would affect the relative capital performance in the future. Given these uncertainties in May 2020, the holding in M&G was reduced, using the proceeds to buy three infrastructure funds. These have relatively secure income yields which it is hoped will offset in part the reduced payment from M&G and help insulate the portfolio from further cuts. They are significantly less volatile than equity funds and also minimise exposure to the fossil fuel sector thus assisting with the net zero 2030 target.

The Investment Management Committee also reviewed the holdings of CBF Property Fund and COIF Property Fund in the light of the suspension of dealings during 2020. In common with similar managers, CCLA was finding it difficult to satisfy liquidity requirements as the commercial property market slowed. The distribution on the funds was reduced by 25% as rents fell. Given these factors and the exposure to land and real estate through the Glebe it was decided to sell the holdings at the first opportunity to ensure that our portfolio remains as liquid as possible. The proceeds were received at the end of January 2021 and reinvested in the CBF Investment Fund and three more infrastructure funds for the same reasons as above.

The company holds investments across the range of The CBF Church of England Funds (representing 81.9% of the total value of the company's investments of £28,754k (excluding Glebe) at 31 December 2020). The remaining 18.1% of this £28,754k are held in M&G's Charifund (14.6%) and listed investments (3.5%) (see note 20).

The Investment Management Committee has adopted an Industry standard benchmark, the MSCI PIMFA (formerly WMA) Balanced Index for performance comparisons. The MSCI PIMFA Balanced Index fell by 0.09% in capital terms in 2020. The TDBF portfolio rose by 0.46% in the same period. The outcome for the year is quite encouraging, largely as a result of the above weight exposure to international equities, offsetting the weakness of the UK focused investments and property.

The Bishop's Diocesan Council consider these investment returns to be satisfactory and is hopeful that the company's current bias towards equity-based funds will continue to provide attractive returns in 2021 and beyond.

Total Returns

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

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Total Returns (continued)

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

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the Board to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. The Board decided to make a transfer from unapplied total return to unrestricted income funds in both 2019 and 2020. In making these decisions they took account of the investment climate, the return on investment for the year and the income needs of the charity.

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

Grant making policy

The Memorandum of Association explicitly permits the TDBF to make grants in pursuance of its objects, and the nature of grants made in 2020 is indicated in note 12.

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

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

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

Principal risks and uncertainties

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

Following the risk management training at the end of 2019, a new risk register and map format was developed and embedded in 2020. The risk managers meet quarterly to discuss the ongoing development and each register is reviewed in detail by the FAR annually on a rotating schedule.

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

- Finance: income insufficient to meet financial commitments.
 - monthly monitoring by Finance department;
 - regular detailed MMF management information communicated to deaneries and parishes, with proactive approach and contact to those parishes not making MMF contributions and conversations encouraged within deaneries about MMF contribution rates and cost of ministry;
 - annual budgeting;
 - prudent reserves policy, which is reviewed annually;p-[[34
 - promoting Parish Giving Scheme with parishes;
 - liaising closely with Church Commissioners and other national bodies about national strategy;
 - The Saints Way to lead the vision for the Diocese.
- Education: church school in Multi Academy Trust (MAT) closes due to not being financially viable.
 - active communications with MAT
 - plan with local trust and parish teams once aware;
 - liaise with Local Authority and Councillors; and
 - offer support and advice as appropriate.
- Safeguarding: training delivery and attendance is insufficient to ensure that we have the knowledge and skills in place to protect children/vulnerable adults at risk.
 - training strategy and annual training programme in place that aligns to national guidance;
 - Diocesan Safeguarding trainer and network of volunteer trainers in place;
 - training information reported to TDBF and Diocesan Safeguarding Advisory Panel;
 - training for senior leaders; and
 - interim training arrangements put in place during Covid-19 with face to face training cancelled and virtual training being developed.

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Principal risks and uncertainties (continued)

- Communications: disruption to planned communications work. Increase in specialist communications.
 - regular team meetings; and
 - learning from the last six months.

In addition to the identified risks the impact of the Covid-19 pandemic has highlighted other risks. These include the reduction in income mainly due to the current closure of places of worship and the increased compliance risk for the property portfolio. The financial risks will be mitigated by use of the reserves which give the DBF a level of financial resilience and processes are being embedded to ensure compliance is maintained.

Structure and Governance

Summary Information about the Structure of the Church of England

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

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

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

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

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

The National Church Institutions

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

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

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

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority 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 Church of England Pensions Board (the Pensions Board), which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Pensions Board its central responsibilities for retirement welfare, the Pensions Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese of Truro

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

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

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The Diocese of Truro (continued)

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

Archdeacons, Deaneries, Benefices and Parishes

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

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

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

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

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

Deanery Synods

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

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

Diocesan Governance

The Diocese is governed by Act of Parliament and Order in Council made in 1876. Its statutory governing body is the Diocesan Synod, which is an elected body with representation from all parts of the Diocese. Membership consists of 13 ex officio members, including the Bishops and Archdeacons, 48 clergy members elected by the houses of clergy in Deanery Synods, 45 lay persons elected by the houses of laity in Deanery Synods, up to five persons who may be co-opted by each of the House of Clergy and the House of Laity and up to five ordained and five lay persons who may be nominated by the Diocesan Bishop. The Diocesan Synod meets three times a year.

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

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

Bishop's Diocesan Council and the Finance, Assets and Risk Committee (formerly Executive Committee)

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

- planning the business of Synod including the preparation of agendas and papers;
- initiation of proposals for action by the Diocesan Synod and provision of policy advice;
- transacting the business of the Diocesan Synod when not in session;
- management of the funds and property of the Diocese;
- preparation of annual estimates of expenditure;

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

Trustees' Annual Report

For the year ended 31 December 2020

Bishop's Diocesan Council and the Finance, Assets and Risk Committee (formerly Executive Committee) (continued)

- advising on action needed to raise the income necessary to finance expenditure;
- oversight of expenditure by bodies in receipt of Diocesan Synod's funds against estimates of expenditure approved by Diocesan Synod;
- advising Diocesan Synod of the financial aspects of its policy and on any other matters referred to it;
- appointing members of committees or nominating members for election to committees, subject to the directions of Diocesan Synod; and
- carrying out any other functions delegated by Diocesan Synod.

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

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

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

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

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

The Bishop's Diocesan Council's responsibilities

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

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

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

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

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

Statement of disclosure to auditor

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

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

Trustees' Annual Report

For the year ended 31 December 2020

The Finance, Assets and Risk Committee (formerly Executive Committee)

During 2020 a Governance Review was carried out. The Board of Directors of the Truro Diocesan Board of Finance has formed a committee consisting of the Chair of the Truro Diocesan Board of Finance and members of the BDC with the power to co-opt on a skills basis, and has delegated to it such of its powers and responsibilities as it thinks necessary from time to time.

Trustee recruitment, selection, induction and training

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

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

Delegation of day to day delivery

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

Remuneration of key management personnel

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

Funds held as Custodian Trustee

The Truro Diocesan Board of Finance is custodian trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956 and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are parochial church councils and others. These assets are not aggregated in the financial statements as the Truro Diocesan Board of Finance does not control them, and they are segregated from the Truro Diocesan Board of Finance's own assets by means of a separate accounting system. Further details of financial trust assets, whose market value amounted to £4.7m at 31 December 2020 (2019: £4.5m), are available from the Truro Diocesan Board of Finance on request, and are summarised in note 31. Where properties are held as custodian trustee, the deeds are identified as such and held in safe custody by the Truro Diocesan Board of Finance's solicitors, Veale Wasbrough Vizards LLP.

Funds held on behalf of schools

The Board of Education is a statutory board within the Truro Diocesan Board of Finance. Under the Diocesan Board of Education Measure 1991, it is required:

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

The company administers Devolved Formula Capital (DFC) grants for the Diocese's church schools. At 31 December 2020, the Company held £193,169 (2019: £258,097) in designated bank accounts separate from those of the Company.

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.

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

Trustees' Annual Report

For the year ended 31 December 2020

Parochial Church Councils (PCCs)

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

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

The Cathedral

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

Connected charities

The trustees consider the following to be a connected charity:

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

Pensions

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

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

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

Appointment of solicitors

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

Appointment of auditors

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

Administrative Information

Members of the Bishop's Diocesan Council

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

President (ex officio)	The Rt. Revd. P I Mounstephen
Chairman (elected by the Members)	Mr M J Sturgess
Ex officio	The Rt. Revd. H Nelson (appointed 15 July 2020) The Very Revd. R C Bush (The Dean) The Ven. P D Bryer (Archdeacon of Cornwall) (and acting Archdeacon of Bodmin from 1 March 2021) The Ven. A A Elkington (Archdeacon of Bodmin) (resigned 28 February 2021)

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

Trustees' Annual Report

For the year ended 31 December 2020

Elected by the relevant Houses of Diocesan Synod

Chair of the House of Clergy	The Revd. Canon J S Thorold
Chair of the House of Laity	Lay Canon Emeritus, Dr M J Todd (resigned 13 April 2020) Mrs Anna Corbett (appointed 7 May 2020)

Elected by Houses and Archdeaconry

Archdeaconry of Cornwall	The Revd. C C McQuillen-Wright Mr N C J Herian Mr R H Kirkpatrick
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Archdeaconry of Bodmin	The Revd. Canon L Parker Mr R C West
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Bishop's Appointments

Lay Canon Mr R J Perry
Mrs C E Irwin
The Revd. Canon A E Brown (resigned 17 July 2020)
Dr A G Thompson
The Revd. Teresa Folland (appointed 27 January 2021)
The Revd. Steve Morgan (appointed 27 January 2021)

Company Secretary	The Revd. Canon S Cade
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Registered Office	Church House Woodlands Court Truro Business Park Threemilestone Truro TR4 9NH
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Telephone	01872-274351
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Email address	info@truro.anglican.org
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Website	www.trurodiocese.org.uk
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Company registration number	00049825 (England and Wales)
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Charity registration number	248330
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Diocesan registrar	Mr J Moule, Narrow Quay House, Narrow Quay, Bristol
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Solicitors	Veale Wasbrough Vizards LLP, Narrow Quay House, Narrow Quay, Bristol
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Auditors	Haysmacintyre LLP, 10 Queen Street Place, London
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Bankers	National Westminster Bank PLC, St Nicholas Street, Truro
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Insurers	Ecclesiastical Insurance Group PLC, Beaufort House, Brunswick Road, Gloucester
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Investment managers	CCLA Investment Management Limited, Senator House, 85, Queen Victoria Street, London
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M&G Investments, Governor's House, 5 Laurence Pountney Hill, London

Glebe estate manager	Savills, Lemon Street, Truro
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Property manager	Savills, Lemon Street, Truro
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The Truro Diocesan Board Of Finance Limited (Limited By Guarantee)

Trustees' Annual Report

For the year ended 31 December 2020

Approval of this combined report

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

This report was approved by the Bishop's Diocesan Council on 28 April 2021 and was signed on its behalf by:



The Revd. Canon S Cade
Company Secretary



Mr M J Sturgess
Chairman

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

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

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

Opinion

We have audited the financial statements of The Truro Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Use of our report

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



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
28 April 2021

10 Queen Street Place
London
EC4R 1AG

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

Statement of Financial Activities

For the year ended 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Endowments £	2020 £	2019 £
Income and endowments from:	3					
Donations:						
Parish contributions		3,016,213	-	-	3,016,213	3,539,385
Archbishops' Council		899,499	-	-	899,499	899,460
Other		121,888	606,328	-	728,216	611,240
Charitable activities – statutory fees		243,557	-	-	243,557	262,126
Other activities	4	20,746	303,807	-	324,553	364,790
Investments	5	522,461	55,573	884,131	1,462,165	1,584,542
Other	6	-	-	298,014	298,014	-
Total		4,824,364	965,708	1,182,145	6,972,217	7,261,543
Expenditure on:						
Raising funds	7	149,882	-	178,266	328,148	300,817
Charitable activities	8	6,355,988	714,620	4,000	7,074,608	6,843,619
Other resources expended	9	11,307	-	-	11,307	493,091
Total		6,517,177	714,620	182,266	7,414,063	7,637,527
Net (outgoing) resources before realised gains		(1,692,813)	251,088	999,879	(441,846)	(375,984)
Net gains/(losses) on investment assets		(221,076)	637,443	335,800	752,167	5,045,051
Net incoming resources before transfers		(1,913,889)	888,531	1,335,679	310,321	4,669,067
Transfer between funds	13	1,155,015	105,834	(1,260,849)	-	-
Net income for the year		(758,874)	994,365	74,830	310,321	4,669,067
Unrealised gains on revaluation	14	1,088,918	-	3,697,514	4,786,432	1,160,849
Net movement in funds	15	330,044	994,365	3,772,344	5,096,753	5,829,916
Fund balances at 1 January 2020		14,509,530	11,720,405	69,947,243	96,177,178	90,347,262
Fund balances at 31 December 2020		14,839,574	12,714,770	73,719,587	101,273,931	96,177,178

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

Income and Expenditure Account,

For the year ended 31 December 2020

	2020 £	2019 £
Total incoming resources	5,790,072	6,299,763
Resources expended	(7,231,797)	(8,171,083)
	<hr/>	<hr/>
Operating deficit for the year	(1,441,725)	(1,871,320)
Net gains on investments	416,367	1,936,163
	<hr/>	<hr/>
Net (expenditure)/income for the year	(1,025,358)	64,843
Other comprehensive income		
Revaluation of fixed assets	1,088,918	7,168
Net assets transferred from endowments	1,260,849	3,089,470
	<hr/>	<hr/>
Total comprehensive income	1,324,409	3,161,481
	<hr/>	<hr/>

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

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

Balance Sheet at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	19	50,827,324	47,567,559
Investments	20	45,364,217	44,103,965
		<u>96,191,541</u>	<u>91,671,524</u>
Current assets			
Stock		-	1,213
Debtors	21	829,527	648,724
Cash at bank and in hand	22	5,706,342	5,325,820
		<u>6,535,869</u>	<u>5,975,757</u>
Creditors: amounts falling due within one year			
Other creditors	23	1,075,840	931,773
		<u>1,075,840</u>	<u>931,773</u>
Net current assets		<u>5,460,029</u>	<u>5,043,984</u>
Total assets less current liabilities		<u>101,651,570</u>	<u>96,715,508</u>
Creditors: amounts falling due after more than one year			
Pension scheme liabilities	29	377,639	538,330
		<u>377,639</u>	<u>538,330</u>
Net assets		<u>101,273,931</u>	<u>96,177,178</u>
Funds employed			
Unrestricted funds		<u>14,839,574</u>	<u>14,509,530</u>
Restricted funds		<u>12,714,770</u>	<u>11,720,405</u>
Expendable endowment			
Parsonage Houses Fund		39,562,466	37,022,377
Permanent endowments			
Stipends Fund Capital Account		34,157,121	32,924,866
		<u>34,157,121</u>	<u>32,924,866</u>
Total endowments		<u>73,719,587</u>	<u>69,947,243</u>
Total funds employed	25.4	<u>101,273,931</u>	<u>96,177,178</u>
The revaluation reserve included in the above funds is:	26	<u>28,222,762</u>	<u>24,250,630</u>

The cash flow statement and the notes form part of these financial statements. These financial statements were approved by the Bishop's Diocesan Council and authorised for issue on 28 April 2021 and signed on its behalf by:

M Sturgess
Chairman



Company Registration No. 00049825

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

Cash Flow Statement

For the year ended 31 December 2020

	2020	2019
£	£	£
Net cash outflow from operating activities	(1,881,439)	(2,531,564)
Cash flows from investing activities		
Dividends, interest and rent from investments	966,447	1,057,869
Interest paid	(366)	-
Proceeds from the sale of:		
Tangible fixed assets	1,361,561	2,963,410
Fixed asset investments	1,050,000	1,842,174
Purchase of:		
Tangible fixed assets for the use of the Board of Finance	(68,905)	(1,294,719)
Fixed asset investments	(1,046,776)	(1,094,075)
Net cash provided by investing activities	2,261,961	3,474,659
Change in cash and cash equivalents in the reporting period	380,522	943,095
Cash and cash equivalents at 1 January 2020	5,325,820	4,382,725
Cash and cash equivalents at 31 December 2020	5,706,342	5,325,820
Reconciliation of net movements in funds to net cash flow from operating activities		
Net movement in funds for the year ended 31 December 2020	5,096,753	5,829,916
Adjustments for:		
Depreciation charges	9,409	13,126
Dividends, interest and rent from investments	(966,447)	(1,057,869)
Interest paid	366	-
(Profit)/Loss on sale of functional assets	(286,707)	493,091
Gains on investments and revaluation of fixed assets	(5,538,599)	(6,205,900)
(Increase) in loans to parishes	(36,782)	(147,000)
Decrease/(increase) in stock	1,213	(1,213)
(Increase) in debtors	(144,021)	(8,513)
Increase/(decrease) in creditors	237,067	(367,960)
Defined benefit pension costs less contributions payable	(261,691)	(1,117,242)
Defined benefit pension finance costs	8,000	38,000
Net cash (used in) operating activities	(1,881,439)	(2,531,564)
Analysis of cash and cash equivalents		
Cash in hand	5,706,342	5,325,820

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

Notes to the financial statements

1. Constitution

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

2. Principal accounting policies

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

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

Basis of preparation

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

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

Going Concern

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

The principal accounting policies and estimation techniques are as follows:

(a) Income

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

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

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

Interest and dividends are recognised as income when receivable.

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

Parochial fees are recognised as income when receivable.

Donations other than grants are recognised when receivable.

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

(b) Expenditure

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

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

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

Notes to the financial statements

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

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

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

Support costs consist of management, administration and governance costs. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated based on estimated usage of resources at Church House. The apportionment of central support costs can be summarised as follows:

	£
Costs of generating funds (note 10)	139,126
Ministry in parishes (note 10)	186,935
Support for ministry in parishes (note 10)	421,678

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

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

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

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

(c) Tangible fixed assets and depreciation

Freehold properties

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

Investment properties

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

Parsonage houses

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

School properties

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

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

Notes to the financial statements

(c) Tangible fixed assets and depreciation (continued)

School properties (continued)

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.

Closed churches

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

Other tangible fixed assets are capitalised at cost and depreciated at rates of between 20% and 33 $\frac{1}{3}$ % on a straight line basis.

Leasehold improvements are depreciated over the term of the lease.

(d) Fixed asset investments

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

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

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

Cash and cash equivalents

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

Financial instruments

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

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

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

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

Concessionary loans

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

(e) Other accounting policies

Leasing

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

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

Notes to the financial statements

(f) Fund balances

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

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

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

Endowment funds are those held on trust as capital. In the case of the endowment funds administered by the Company, where there are discretionary powers to convert capital into income, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

Details of the major funds are given in note 25.

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

(g) Critical accounting estimates and judgements

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

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

The key estimates and assumptions made in these accounts are:

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

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

Notes to the financial statements

3. Donations

Parish contributions

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

Current year MMF receipts represent 63.11% of the total call (2019: 72.27%) or, when receipts for previous years are included, 64.31% of the total call (2019: 73.64%).

Archbishops' Council

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

Other donations

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

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

Notes to the financial statements

3. Donations (continued)

Comparative analysis for 2019

Parish contributions

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Current year call	4,806,540	-	-	4,806,540
Shortfall in contributions	(1,332,916)	-	-	(1,332,916)
	<u>3,473,624</u>	<u>-</u>	<u>-</u>	<u>3,473,624</u>
Receipts for previous year	65,761	-	-	65,761
	<u>3,539,385</u>	<u>-</u>	<u>-</u>	<u>3,539,385</u>

Archbishops' Council

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Selective allocations	859,722	-	-	859,722
Contribution to registrar's retainer	39,738	-	-	39,738
	<u>899,460</u>	<u>-</u>	<u>-</u>	<u>899,460</u>

Other donations

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Allchurches Trust	98,750	-	-	98,750
Strategic Capacity Funding	-	-	-	-
CEMES grant	-	3,000	-	3,000
Strategic Development Funding - Falmouth	-	245,956	-	245,956
RME	-	146,916	-	146,916
Transition Funding	-	14,869	-	14,869
Strategic Development Funding – Phase 2	-	14,611	-	14,611
Strategic Ministry Funding	-	-	-	-
Coronavirus Job Retention Grant	-	-	-	-
Lambeth Palace Conference	-	-	-	-
Past Case Review 2	-	-	-	-
Strategic Capacity Funding – Phase 2	-	1,400	-	1,400
Contribution towards church schools:				
Department for Education	-	45,911	-	45,911
Donations from individuals	17,056	5,427	-	22,483
Other contributions	17,344	-	-	17,344
	<u>133,150</u>	<u>478,090</u>	<u>-</u>	<u>611,240</u>

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

Notes to the financial statements

4. Other activities

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

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Rents from Parsonage houses	-	258,651	-	258,651
Recoverable costs	14,078	-	-	14,078
Community café income	92,061	-	-	92,061
	<u>106,139</u>	<u>258,651</u>	<u>-</u>	<u>364,790</u>

5. Investment income

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

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Dividends and interest	465,804	18,299	573,766	1,057,869
Rents:				
Board properties	102,213	-	-	102,213
Glebe estate	-	-	388,014	388,014
Redundant schools	-	36,446	-	36,446
	<u>568,017</u>	<u>54,745</u>	<u>961,780</u>	<u>1,584,542</u>

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

Notes to the financial statements

6. Other incoming resources

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

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Realised gains on disposal of assets for the charity's own use	-	-	-	-

7. Fund raising costs

	Unrestricted funds £	Restricted funds £	Endowments £	2020 £
Glebe: Outgoings	-	-	126,421	126,421
Management charges	-	-	47,845	47,845
Pension scheme interest	10,000	-	4,000	14,000
Let vacant parsonages (management charges)	756	-	-	756
Central support costs	139,126	-	-	139,126
	149,882	-	178,266	328,148

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Glebe: Outgoings	-	-	67,972	67,972
Management charges	-	-	44,304	44,304
Pension scheme interest	7,000	-	31,000	38,000
Let vacant parsonages (management charges)	693	-	-	693
Central support costs	149,848	-	-	149,848
	157,541	-	143,276	300,817

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

Notes to the financial statements

8. Charitable activities

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

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

Notes to the financial statements

8. Charitable activities (continued)

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Contributions to Archbishops' Council				
Training for Ministry	157,533	-	-	157,533
National Church responsibilities	125,260	-	-	125,260
Grants and provisions	13,357	-	-	13,357
Mission Agency pension contributions	1,659	-	-	1,659
Retired clergy housing costs (CHARM)	53,865	-	-	53,865
	<hr/>	<hr/>	<hr/>	<hr/>
	351,674	-	-	351,674
Resourcing Ministry				
Parish ministry:				
Stipends and national insurance	2,214,695	-	-	2,214,695
Pension contributions	515,518	-	(855,000)	(339,482)
Home/parish mileage	10,365	-	-	10,365
Sundry clergy related costs	13,137	-	-	13,137
Housing costs	1,524,726	-	-	1,524,726
Property management charges	134,050	-	-	134,050
Resettlement and associated costs	126,002	-	-	126,002
Other payments (including CMED)	254,121	-	-	254,121
Central support costs	203,793	-	-	203,793
	<hr/>	<hr/>	<hr/>	<hr/>
	4,996,407	-	(855,000)	4,141,407
Support for ministry and mission				
Mission Fund grants	86,959	22,969	-	109,928
Diocesan support for ordinands in training	132,572	149,105	-	281,677
Training and development	176,801	14,869	-	191,670
MAPping and other functions of DMPC	148,684	-	-	148,684
Specialist ministries	146,671	4,094	-	150,765
Social Responsibility	26,189	-	-	26,189
Diocesan Advisory Committee	34,200	-	-	34,200
Chancellor's and Registrar's retainers	49,270	-	-	49,270
Faculty fees	17,432	-	-	17,432
Communications	97,546	-	-	97,546
Closed church expenditure	38,770	-	-	38,770
General Synod members' expenses	9,490	-	-	9,490
Central support costs	461,530	960	-	462,490
Transforming Mission – Falmouth	210,237	200,289	-	410,526
Transforming Mission – Phase 2	9,741	15,051	-	24,792
Governance Review	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,646,092	407,337	-	2,053,429
Expenditure on Education				
Support for church schools and parishes	111,492	185,617	-	297,109
	<hr/>	<hr/>	<hr/>	<hr/>
	7,105,665	592,954	(855,000)	6,843,619

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

Notes to the financial statements

9. Other resources expended

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

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Realised loss on disposal of assets for the charity's own use	314,923	-	178,168	493,091

10. Analysis of expenditure including allocation of support costs

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2020 £
Raising funds	189,022	-	139,126	328,148
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	4,186,118	99,220	186,935	4,472,273
Support for ministry and mission	1,526,060	107,847	421,678	2,055,585
Education	195,076	-	-	195,076
	6,096,276	558,741	747,739	7,402,756

Comparative analysis for 2019

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total costs 2019 £
Raising funds	150,969	-	149,848	300,817
Charitable activities:				
Contributions to Archbishops' Council	-	351,674	-	351,674
Resourcing parish ministry	3,771,002	166,612	203,793	4,141,407
Support for ministry and mission	1,481,011	109,928	462,490	2,053,429
Education	275,253	21,856	-	297,109
	5,678,235	650,070	816,131	7,144,436

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

Notes to the financial statements

11. Analysis of support costs

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2020 £
Central administration	665,712	-	-	-	665,712
Governance:					
External audit	17,472	-	-	-	17,472
Registrar and Chancellor	60,795	-	-	-	60,795
Governance review	-	-	13,097	-	13,097
Synodical costs	3,760	-	-	-	3,760
	<u>747,739</u>	<u>-</u>	<u>13,097</u>	<u>-</u>	<u>760,836</u>

Comparative analysis for 2019

	Unrestricted Funds General £	Designated £	Restricted Funds £	Endowment Funds £	Total 2019 £
Central administration	735,910	-	-	-	735,910
Governance:					
External audit	17,021	-	-	-	17,021
Registrar and Chancellor	49,270	-	-	-	49,270
Governance review	-	-	960	-	960
Synodical costs	12,970	-	-	-	12,970
	<u>815,171</u>	<u>-</u>	<u>960</u>	<u>-</u>	<u>816,131</u>

12. Analysis of grants made

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

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

Notes to the financial statements

12. Analysis of grants made (continued)

Comparative analysis for 2019

	Number	Individuals £	Institutions £	2019 £	2018 £
From unrestricted funds for National Church responsibilities:					
Contributions to Archbishops' Council	5	-	351,674	351,674	339,315
From unrestricted funds:					
Resettlement and first incumbency grants	34	81,659	-	81,659	63,336
Doing Church Differently grants	-	-	-	-	(44,283)
Ordinands in training	11	79,673	-	79,673	87,838
Clergy for training	16	5,280	-	5,280	2,500
Mission initiatives in parishes	10	-	86,959	86,959	-
	53	153,674	(44,283)	253,571	109,391
From restricted funds for various purposes:					
Mission initiatives in parishes	15	-	18,771	18,771	32,313
Churches Together organisations	2	-	4,198	4,198	1,500
Education	2	-	21,856	21,856	-
Overseas mission work	0	-	-	-	-
	19	-	44,825	44,825	33,813
Group and company	95	166,612	483,458	650,070	482,519

13. Transfer between funds

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	838,296	(838,296)	-
Payments to acquire property	-	(66,238)	66,238
Receipts from sale of property	-	1,010,368	(1,010,368)
Total Return spend	316,719	-	(316,719)
General Fund spend reallocated	-	-	-
Contribution to stipend expenditure	709,865	-	(709,865)
	1,864,880	105,834	(1,970,714)

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £
General Fund/Pastoral Account transfer	1,368,523	(1,368,523)	-
Payments to acquire property	-	(73,782)	73,782
Receipts from sale of property	-	2,114,832	(2,114,832)
Total Return spend	198,916	-	(198,916)
General Fund spend reallocated	24,911	(24,911)	-
Contribution to stipend expenditure	849,504	-	(849,504)
Group and company	2,441,854	647,616	(3,089,470)

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

Notes to the financial statements

14. Other gains and losses on revaluation

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

Comparative analysis for 2019

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Revaluation of land and buildings	7,168	-	1,153,681	1,160,849

15. Net movement in funds

	2020 £	2019 £
This is stated after charging:		
Staff costs (note 16)	1,445,398	1,397,180
Auditors' remuneration - audit fee	14,560	14,184
- other services	675	2,400
Realised losses on disposals of tangible fixed assets	11,307	493,091
Operating leases - land and buildings	53,200	53,200
- other	7,071	7,538
Depreciation of tangible fixed assets	9,409	13,126
Interest payable (note 17)	366	-
	<u>2020</u>	<u>2019</u>
	£	£
This is stated after crediting:		
Realised gains on disposals of tangible fixed assets	298,014	-
Realised gains on disposals of investment fixed assets	50,000	777,982

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

Notes to the financial statements

16. Staff costs

Employee costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,208,940	1,123,939
Social security costs	107,040	102,376
Pension contributions	129,418	170,865
	<u>1,445,398</u>	<u>1,397,180</u>

The average number of persons employed during the year:

	2020	2019
Administration and financial management	14	13
Communications	2	2
Discipleship & Ministry, Stewardship	13	13
Safeguarding & inclusion	3	4
Education	2	3
Transforming Mission	14	11
	<u>48</u>	<u>46</u>

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

	2020	2019
Administration and financial management	11.4	11.4
Communications	1.3	1.5
Discipleship & Ministry, Stewardship	9.2	9.2
Safeguarding & inclusion	2.5	2.9
Education	2.1	2.6
Transforming Mission	9.2	6.3
	<u>35.7</u>	<u>33.9</u>

Remuneration of higher paid employees were as follows:

	2020 £	2019 £
£60,001 - £70,000	2	2

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the TDBF. During 2020 they were:

Diocesan Secretary and Company Secretary	Esther Pollard (resigned 16 March 2020) Simon Cade (appointed 17 March 2020)
Director for Ministry	Jonathan Rowe
Director of Education and Discipleship	Simon Cade (resigned 16 March 2020) Katie Fitzsimmons (appointed 24 February 2020)
Director of Finance and Assets	Sophie Eddy

For these 4 employees remuneration and pensions amounted to £322,115 (2019: £292,377). Expenses were £1,738 (2019: £3,518).

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

Notes to the financial statements

16. Staff costs (continued)

Related party transaction

The wife of a member of BDC is an employee of the charity. The total remuneration for the year was £37,130 (2019: £36,778).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. 3 Trustees (2019: 7) received travelling and out of pocket expenses, totalling £6,059 (2019: £12,926) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as Trustees.

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

	Stipend	Housing
The Rt Revd H Nelson	No	Yes
The Ven A Elkington	Yes	Yes
The Ven P Bryer	Yes	Yes
The Revd. Canon A E Brown	Yes	Yes
The Revd. J S Thorold	Yes	Yes
The Revd. C McQuillen-Wright	Yes	Yes
The Revd. L Parker	Yes	Yes
The Revd. T Folland	Yes	Yes
The Revd. S Morgan	Yes	Yes

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

The Company paid an average of 78 (2019: 78) stipendiary clergy (including 2 Archdeacons) as office holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2020 £	2019 £
Stipends	2,126,367	2,100,269
National insurance contributions	173,909	168,500
Pension costs	559,586	553,403
Apprenticeship Levy	9,796	9,550
	<u>2,869,658</u>	<u>2,831,722</u>

The stipends of the Diocesan Bishop and Suffragan Bishops were paid and funded by the Church Commissioners and are in the range £38,265 - £49,198 (2019 range £37,515 - £48,233). The annual rate of stipend, funded by the Company, paid to Archdeacons in 2020 was in the range £35,909 - £42,333 (2019 range £35,208 - £41,503) and other clergy who were Trustees were paid in the range £26,793 - £30,179 (2019 range £26,268 - £29,587).

17. Interest payable and similar charges

	2020 £	2019 £
Late payment	366	-
	<u>366</u>	<u>-</u>

18. Taxation

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

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

Notes to the financial statements

19. Tangible fixed assets

19.1 Freehold land and buildings

	Board property £	Parsonage houses £	Total £
<i>At valuation</i>			
At 1 January 2020	10,510,268	37,022,377	47,532,645
Additions	82	66,238	66,320
Disposals	(362,500)	(712,354)	(1,074,854)
Revaluation adjustment	1,088,918	3,697,514	4,786,432
Transfer	-	(511,309)	(511,309)
At 31 December 2020	11,236,768	39,562,466	50,799,234

All of the properties in the balance sheet are freehold and are vested in the TDBF, except for benefice houses which are vested in the incumbent. Of the total land and buildings at 31 December 2020 all are included at valuation. Properties are subject to a five-year cycle of survey and consequent repairs are charged as expenditure.

The corresponding historical cost figures are:

	Board property £	Parsonage houses £	Total £
<i>At cost</i>			
At 1 January 2020	9,832,067	13,449,948	23,282,015
Additions	82	66,238	66,320
Disposals	(417,165)	(345,440)	(762,605)
Transfer	-	(9,258)	(9,258)
At 31 December 2020	9,414,984	13,161,488	22,576,472

19.2 Leasehold premises

	£
<i>At cost</i>	
At 1 January 2020	28,218
Additions	-
At 31 December 2020	28,218
<i>Depreciation</i>	
At 1 January 2020	22,164
Charge for year	1,336
At 31 December 2020	23,500
<i>Net book value</i>	
At 31 December 2020	4,718
At 31 December 2019	6,054

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

Notes to the financial statements

19. Tangible fixed assets (continued)

19.3 Office equipment

	£
<i>At cost</i>	
At 1 January 2020	93,389
Additions	2,585
Disposals	-
At 31 December 2020	95,974
<i>Depreciation</i>	
At 1 January 2020	64,529
Disposals	-
Charge for year	8,073
At 31 December 2020	72,602
<i>Net book value</i>	
At 31 December 2020	23,372
At 31 December 2019	28,860

19.4 Total tangible fixed assets

	2020 £	2019 £
<i>Net book value</i>		
Freehold land and buildings	50,799,234	47,532,645
Leasehold premises	4,718	6,054
Office equipment	23,372	28,860
	50,827,324	47,567,559

20. Fixed asset investments

	Freehold investment property (Glebe and other) £	Listed investments £	Unlisted investments £	Total £
<i>At valuation</i>				
At 1 January 2020	15,895,000	-	28,208,965	44,103,965
Additions	46,776	1,000,000	-	1,046,776
Disposals	-	-	(1,391,935)	(1,391,935)
Revaluation adjustment	156,915	508	936,679	1,094,102
Transfer	511,309	-	-	511,309
At 31 December 2020	16,610,000	1,000,508	27,753,709	45,364,217

Glebe property was professionally valued as at 31 December 2020 by Savills (UK) Limited, on a Fair Value – International Valuation Standards basis. Glebe property was vested in the Company in 1978 under the Endowments and Glebe Measure 1978. Further advice is considered in the intervening period and the valuation adjusted by the directors accordingly.

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

Notes to the financial statements

20. Fixed asset investments (continued)

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	9,962,632
The CBF Church of England UK Property Fund	1,748,289
The CBF Church of England UK Equity Fund	2,992,606
The CBF Church of England Global Equity Income Fund	8,231,022
M & G 'Charifund'	4,210,826

21. Debtors

	2020 £	2019 £
<i>Amounts falling due within one year</i>		
Trade debtors	88,478	9,123
Concessionary loans to parishes and others	65,157	179,375
Other debtors including prepayments and accrued income	520,392	455,726
	<u>674,027</u>	<u>644,224</u>
<i>Amounts falling due after more than one year</i>		
Concessionary loans to parishes and others	155,500	4,500
	<u>829,527</u>	<u>648,724</u>

Concessionary interest free loans are made to parishes with no security. At the year end there were amounts committed to of £75,000 (2019: £52,500). The repayment terms of the loans range from 3 months to 7 years.

22. Cash at bank and in hand

	2020 £	2019 £
The CBF Church of England Deposit Fund	5,165,340	5,313,578
COIF Charities Deposit Fund	306,645	280,957
Barclays Bank PLC	21,872	25,873
National Westminster Bank PLC	945,299	509,555
Savills Client Account	120,742	99,283
Cash in hand	749	199
	<u>6,560,647</u>	<u>6,229,445</u>
Less: attributable to local trust funds	(854,305)	(903,625)
	<u>5,706,342</u>	<u>5,325,820</u>

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

Notes to the financial statements

23. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	208,628	150,176
Other creditors (including taxation and social security)	26,703	102,061
Accruals and deferred income (note 24)	660,509	406,536
Pension scheme liabilities (note 29)		
Clergy Pension Scheme	142,000	235,000
Lay Defined Benefit Scheme	38,000	38,000
	<u>1,075,840</u>	<u>931,773</u>

24. Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	545,285	270,239
Deferred income at 1 January 2020	270,239	176,238
Released from previous years	(77,310)	(97,743)
Resources deferred in the year	352,356	191,744
Deferred income as at 31 December 2020	<u>545,285</u>	<u>270,239</u>

Included within deferred income of £545,285 (2019: £270,239) are the following balances: £48,591 (2019: £47,844) in respect of glebe deferred income, £156,579 (2019: £156,579) received in advance of entitlement and £244,056 (2019: £0) received on behalf of schools.

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

Notes to the financial statements

25. Funds employed

25.1 Summary of fund movements

At 31 December 2020:

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

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

Notes to the financial statements

25. Funds employed (continued)

25.2 Prior year comparative summary of fund movements

At 31 December 2019:

Company	Balance brought forward £	Incoming resources £	Resources expended £	Gains and losses £	Transfers £	Balance carried forward £
Unrestricted funds						
General Fund	1,681,256	5,508,277	(7,017,357)	1,086,145	2,174,210	3,432,531
<i>Designated funds:</i>						
Board Houses Fund	10,456,744	-	(314,923)	7,168	361,279	10,510,268
Church House Fund	608,431	-	(43,200)	-	-	565,231
Intern Programme	246,284	-	(3,733)	-	(242,551)	-
Kingdom Value Fund	50,000	-	-	-	(50,000)	-
Densham Loan Fund	1,500	-	-	-	-	1,500
Transforming Mission - Falmouth	-	-	(118,175)	-	118,175	-
Transforming Mission – Phase 2	-	-	(9,741)	-	9,741	-
Mission grants	-	-	(71,000)	-	71,000	-
	<u>13,044,215</u>	<u>5,508,277</u>	<u>(7,578,129)</u>	<u>1,093,313</u>	<u>2,441,854</u>	<u>14,509,530</u>
Restricted funds						
Pastoral Account	8,954,787	258,651	-	690,961	672,527	10,576,926
Diocesan Council for Mission & Unity	66,405	5,427	-	-	-	71,832
Education Trusts	913,659	100,656	(185,617)	158,937	-	987,635
Mission Fund	50,153	-	(22,969)	-	-	27,184
RME	-	146,916	(149,104)	-	-	(2,188)
Transition Fund	-	14,869	(14,869)	-	-	-
CEMES Grant	10,373	3,000	(1)	-	(13,372)	-
Strategic Development Fund - TMF	229	245,956	(200,289)	-	(11,539)	34,357
Strategic Development Fund – Phase 2	-	14,611	(14,611)	-	-	-
Strategic Capacity Fund – Phase 2	-	1,400	(1,400)	-	-	-
Bishop Phillpotts Library	22,270	-	(4,094)	-	-	18,176
Bishop Phillpotts Prize Fund	6,363	-	-	120	-	6,483
	<u>10,024,239</u>	<u>791,486</u>	<u>(592,954)</u>	<u>850,018</u>	<u>647,616</u>	<u>11,720,405</u>
Expendable endowment						
Parsonage Houses Fund	38,087,914	-	(178,168)	1,153,681	(2,041,050)	37,022,377
Permanent endowment						
Stipends Fund Capital Account	29,190,894	961,780	711,724	3,108,888	(1,048,420)	32,924,866
Total endowments	<u>67,278,808</u>	<u>961,780</u>	<u>533,556</u>	<u>4,262,569</u>	<u>(3,089,470)</u>	<u>69,947,243</u>
Total	<u>90,347,262</u>	<u>7,261,543</u>	<u>(7,637,527)</u>	<u>6,205,900</u>	<u>-</u>	<u>96,177,178</u>

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

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds

Unrestricted funds

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

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

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

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

The Intern Programme Fund was created to fund the work of the Diocesan Intern Programme for a four year period, has now been closed and the balance transferred to the General Fund.

The Kingdom Value Fund was created to fund Socially Proactive investment and expenditure projects, has now been closed and the balance transferred to the General Fund.

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

Restricted funds

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

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

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

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

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

Transition Fund is grant funding received from the Church Commissioners to renew the provision of lay ministry and leadership in the Diocese of Truro.

The Church of England Ministry Experience Scheme (CEMES) Grant is funding received as a means of testing God's calling for young adults (under 30).

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

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

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

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

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

Notes to the financial statements

25. Funds employed (continued)

25.3 Purposes of funds (continued)

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

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

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

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

Endowment funds

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

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

	Trust for Investment £	Unapplied Total Return £	Total Endowment £
At 1 January 2019	8,503,078	21,989,691	30,492,769
Movements in the year:			
Investment return: dividends and interest	-	961,780	961,780
Investment return: unrealised gains	-	3,108,888	3,108,888
Investment return: fund raising costs	-	(112,276)	(112,276)
Transfer from Stipends Fund Capital Account to designated fund	-	(198,916)	(198,916)
Transfer from Stipends Fund Capital Account to General Fund	-	(849,504)	(849,504)
Indexation on base value of investment	111,151	(111,151)	-
Net movements in 2019	111,151	2,798,821	2,909,972
At 1 January 2020	<u>8,614,229</u>	<u>24,788,512</u>	<u>33,402,741</u>
Movements in the year:			
Investment return: dividends and interest	-	884,131	884,131
Investment return: unrealised gains	-	335,800	335,800
Investment return: fund raising costs	-	(174,266)	(174,266)
Funding of clergy pension deficit contributions	-	(197,841)	(197,841)
Transfer from Stipends Fund Capital Account to designated fund	-	(316,719)	(316,719)
Indexation on base value of investment	55,576	(55,576)	-
Transfer from parsonage to Stipends Fund Capital Account	-	511,309	511,309
Net movements in 2020	55,576	986,838	1,042,414
At 31 December 2020			
Gift component of the permanent endowment	5,763,991	-	5,763,991
Accumulated inflation since original gift	2,905,814	-	2,905,814
Unapplied total return	-	25,775,350	25,775,350
	<u>8,669,805</u>	<u>25,775,350</u>	<u>34,445,155</u>

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

Notes to the financial statements

25. Funds employed (continued)

25.4 Analysis of net assets between funds

At 31 December 2020:

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

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

Notes to the financial statements

25. Funds employed (continued)

25.5 Prior year comparative summary of fund movements

At 31 December 2019:

Company	Tangible fixed assets £	Investments £	Net current assets/ (liabilities) £	Provisions / long term liabilities £	Total £
Unrestricted funds					
General Fund	34,914	7,367,464	(3,714,196)	(255,651)	3,432,531
<i>Designated funds:</i>					
Board Houses Fund	10,510,268	-	-	-	10,510,268
Church House Fund	-	-	565,231	-	565,231
Intern Programme	-	-	-	-	-
Kingdom Value Fund	-	-	-	-	-
Densham Loan Fund	-	-	1,500	-	1,500
Transforming Mission - Falmouth	-	-	-	-	-
Transforming Mission – Phase 2	-	-	-	-	-
Mission grants	-	-	-	-	-
	<u>10,545,182</u>	<u>7,367,464</u>	<u>(3,147,465)</u>	<u>(255,651)</u>	<u>14,509,530</u>
Restricted funds					
Pastoral Account	-	4,148,878	6,428,048	-	10,576,926
Diocesan Council for Mission & Unity	-	-	71,832	-	71,832
Education Trusts	-	1,022,494	(34,859)	-	987,635
Mission Fund	-	-	27,184	-	27,184
RME	-	-	(2,188)	-	(2,188)
Transition Funding	-	-	-	-	-
CEMES Grant	-	-	-	-	-
Strategic Development Fund - Falmouth	-	-	34,357	-	34,357
Strategic Development Fund – Phase 2	-	-	-	-	-
Strategic Capacity Fund – Phase 2	-	-	-	-	-
Bishop Phillpotts Library	-	-	18,176	-	18,176
Bishop Phillpotts' Prize Fund	-	790	5,693	-	6,483
	<u>-</u>	<u>5,172,162</u>	<u>6,548,243</u>	<u>-</u>	<u>11,720,405</u>
Expendable endowment					
Parsonage Houses Fund	37,022,377	-	-	-	37,022,377
Permanent endowment					
Stipends Fund Capital Account	-	31,564,339	1,643,206	(282,679)	32,924,866
Total endowments	<u>37,022,377</u>	<u>31,564,339</u>	<u>1,643,206</u>	<u>(282,679)</u>	<u>69,947,243</u>
Total	<u>47,567,559</u>	<u>44,103,965</u>	<u>5,043,984</u>	<u>(538,330)</u>	<u>96,177,178</u>

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

Notes to the financial statements

26. Revaluation reserve

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

	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	678,201	-	1,088,918	54,665	1,821,784
Parsonage Houses Fund	23,572,429	(502,051)	3,697,514	(366,914)	26,400,978
	<u>24,250,630</u>	<u>(502,051)</u>	<u>4,786,432</u>	<u>(312,249)</u>	<u>28,222,762</u>
Comparative analysis for 2019					
	Balance brought forward £	Realised on transfers £	Unrealised surplus in year £	Realised on disposals £	Balance carried forward £
Board Houses Fund	651,274	-	7,168	19,759	678,201
Parsonage Houses Fund	24,581,231	-	1,153,681	(2,162,483)	23,572,429
	<u>25,232,505</u>	<u>-</u>	<u>1,160,849</u>	<u>(2,142,724)</u>	<u>24,250,630</u>

27. Capital commitments

	2020 £	2019 £
<i>Capital expenditure</i>		
Expenditure contracted for but not provided for: Church Schools (through Private Finance Initiative funding): Contract due to expire in 2031	62,058	67,231
Repairs to properties	19,051	125,008
	<u>81,109</u>	<u>192,239</u>

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

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

Notes to the financial statements

28. Operating leases

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

	2020 £	2019 £
Land and buildings		
Within one year of the balance sheet date	53,200	53,200
In the second to fifth years inclusive of the balance sheet date	130,467	183,667
Beyond 5 years of the Balance Sheet date		-
	183,667	236,867
Other operating leases		
Within one year of the balance sheet date	5,558	5,871
In the second to fifth years inclusive of the balance sheet date	4,555	8,442
	10,113	14,313

29. Pensions

Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £559,586, 2019: £553,403), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £567,586 for 2020 (2019: credit of £270,597).

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

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

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

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

As at 31 December 2018 the deficit recovery contributions under the recovery plan in force at that time were 11.9% of pensionable stipends until December 2025.

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

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

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

Notes to the financial statements

29. Pensions (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the Balance Sheet liability over 2019 and over 2020 is set out in the table below:

	2020 £	2019 £
Balance sheet liability at 1 January	517,679	1,576,875
Deficit contribution paid	(237,645)	(235,196)
Interest cost (recognised in SoFA)	4,000	31,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	4,000	(855,000)
Balance Sheet liability at 31 December	288,034	517,679

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

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

	December 2020	December 2019	December 2018
Discount rate	0.2% p.a.	1.1% p.a.	2.1% p.a.
Price inflation	3.1% p.a.	2.8% p.a.	3.1% p.a.
Increase to total pensionable payroll	1.6% p.a.	1.3% p.a.	1.6% p.a.

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

Lay

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

Defined Benefit Scheme (DBS)

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

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

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

The scheme is a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Section, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if DBS were a defined contribution scheme. The pensions costs charged to the SoFA during the year are contributions payable towards benefits and expenses accrued in that year (2020: £34,796, 2019: £42,283), plus the figures in relation to the DBS deficit highlighted in the table below as being recognised in the SoFA, giving a total charge of £48,796 for 2020 (2019: £49,283).

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

A valuation of the DBS is carried out once every three years, the most recent having been carried out as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

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

Notes to the financial statements

29. Pensions (continued)

Following the valuation, the Employer has entered into an agreement with the CWPf to pay a contribution rate of 41.4% of pensionable salary and expenses of £6,100 per year. In addition, deficit payments of £38,046 per year have been agreed for 10 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability within the Employer's financial statements.

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

	2020 £	2019 £
Balance sheet liability at 1 January	293,651	313,697
Deficit contribution paid	(38,046)	(38,046)
Interest cost (recognised in SoFA)	4,000	7,000
Remaining change to the Balance Sheet liability* (recognised in SoFA)	10,000	11,000
	<hr/>	<hr/>
Balance Sheet liability at 31 December	269,605	293,651
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* comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

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

	December 2019	December 2018	December 2017
Discount rate	1.40%	2.30%	1.00%

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

The next valuation of the scheme is being carried out as at December 2019.

Pension Builder Scheme (PBS)

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the PBS's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2019: £70,536, 2018: £46,667).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out as at 31 December 2016.

For the Pensions Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

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

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

Notes to the financial statements

29. Pensions (continued)

Balance Sheet reconciliation

	2020 £	2019 £
Clergy pension liability at 31 December	288,034	517,679
Lay pension liability at 31 December	269,605	293,651
	<hr/>	<hr/>
Total pension liability at 31 December	557,639	811,330
Creditors: amounts falling due within one year	180,000	273,000
Creditors: amounts falling due after more than one year	377,639	538,330
	<hr/>	<hr/>

30. 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 2020, 3 directors were paid £6,059 (2019: 7 directors £12,926). However, of the directors listed on page 13, the Company also remunerated the Archdeacons, the Chairman of the House of Clergy and the clergy Archdeaconry Representatives in respect of their duties as clergy.

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

31. Funds held on behalf of others

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

	2020 £	2019 £
At valuation:		
Freehold land and buildings	205,200	205,200
Other investments	4,487,471	4,297,331
	<hr/>	<hr/>
	4,692,671	4,502,531
	<hr/>	<hr/>
At cost:		
Freehold land and buildings	6,200	6,200
Other investments	2,076,259	2,111,469
	<hr/>	<hr/>
	2,082,459	2,117,669
	<hr/>	<hr/>

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

The Company also administers Devolved Formula Capital (DFC) grants (DFC grants provide the Diocese's church schools with direct funding to invest in their buildings, grounds and ICT equipment). Consequently, for those individual schools which have appointed the Company as their agent, the Company receives their DFC grants direct from the Department for Education and defrays qualifying expenditure according to their instructions. At 31 December 2020, the Company held £193,169 (2019: £258,097) in designated bank accounts separate from those of the Company.

32. Contingent liability

The Company has agreed to act as guarantor for a grant of £500,000 which in the event that the clauses of the funding agreement aren't met and the PCC cannot repay the funds the Company will be called upon to repay it.

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

Notes to the financial statements

33. Prior year comparative SOFA

	Unrestricted funds £	Restricted funds £	Endowments £	2019 £
Income and endowments from:				
Donations:				
Parish contributions	3,539,385	-	-	3,539,385
Archbishops' Council	899,460	-	-	899,460
Other	133,150	478,090	-	611,240
Charitable activities – statutory fees etc	262,126	-	-	262,126
Other activities	106,139	258,651	-	364,790
Investments	568,017	54,745	961,780	1,584,542
Other	-	-	-	-
Total	5,508,277	791,486	961,780	7,261,543
Expenditure on:				
Raising funds	157,541	-	143,276	300,817
Charitable activities	7,105,665	592,954	(855,000)	6,843,619
Other resources expended	314,923	-	178,168	493,091
Total	7,578,129	592,954	(533,556)	7,637,527
Net incoming resources before realised gains	(2,069,852)	198,532	1,495,336	(375,984)
Net gains on investment assets	1,086,145	850,018	3,108,888	5,045,051
Net incoming resources before transfers	(983,707)	1,048,550	4,604,224	4,669,067
Transfer between funds	2,441,854	647,616	(3,089,470)	-
Net income for the year	1,458,147	1,696,166	1,514,754	4,669,067
Unrealised gains on revaluation	7,168	-	1,153,681	1,160,849
Net movement in funds	1,465,315	1,696,166	2,668,435	5,829,916
Fund balances at 1 January 2019	13,044,215	10,024,239	67,278,808	90,347,262
Fund balances at 31 December 2019	14,509,530	11,720,405	69,947,243	96,177,178