

Company registration number: 3205602

Charity registration number: 1058718

Catholic Truth Society (Diocese of Salford)

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2021

The Moffatts Partnership LLP
Chartered Accountants
Progress House
396 Wilmslow Road
Withington
Manchester
M20 3BN

Catholic Truth Society (Diocese of Salford)

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Catholic Truth Society (Diocese of Salford)

Reference and Administrative Details

Trustees	Bishop John Stanley Kenneth Arnold Rev Canon Michael James Gerard Cooke Rev Christopher Dawson Rev Peter Hopkinson Sir Peter Fahy Mr Edward Nally Ms Mary Hunter Rev Michael David Jones Mr Eamonn Sean O'Neal Mr Brendan Eamon McCafferty Mrs Elizabeth Therese Lilley Mr Michael Devlin
Secretary	Mr Edward Nally
Charity Registration Number	1058718
Company Registration Number	3205602
Registered Office	The charity is incorporated in England and Wales. Cathedral Centre 3 Ford Street Salford M3 6DP
Principal Office	Cathedral Centre 3 Ford Street Salford M3 6DP
Auditor	The Moffatts Partnership LLP Chartered Accountants Progress House 396 Wilmslow Road Withington Manchester M20 3BN
Bankers	Barclays Bank Plc PO Box 357 51 Mosley Street Manchester M60 2AU

Catholic Truth Society (Diocese of Salford)

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 December 2021.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	Bishop John Stanley Kenneth Arnold
	Rev Canon Michael James Gerard Cooke
	Rev Christopher Dawson
	Rev Peter Hopkinson
	Sir Peter Fahy
	Mr Edward Nally
	Ms Mary Hunter
	Rev Michael David Jones
	Mr Eamonn Sean O'Neal
	Mr Brendan Eamon McCafferty
	Mrs Elizabeth Therese Lilley
	Mr Michael Devlin (appointed 8 December 2021)
	Rev Mgr John Anthony Daly (resigned 9th December 2021)
Secretary:	Mr Edward Nally

Structure, governance and management

Nature of governing document

The charity is constituted as a company limited by guarantee and is therefore governed by a Memorandum and Articles of Association as amended by special resolution on the 13th September 1996.

The Charity operates in conjunction with the Diocese of Salford, and the policies, processes and procedures of the Charity and the Diocese of Salford are aligned.

The charity is governed by the trustees, day to day management of the CTS Bookshop is delegated to the Bookshop Manager supported by Chief Operating Officer of the Diocese of Salford. The trustees have oversight of the financial statements of the charity and any major changes in the management or operations of the charity are reported via the Trustee's Meeting. Remuneration of all staff within the charity is determined and agreed by the COO of the Diocese of Salford and ratified by the Trustees HR Committee.

Recruitment and appointment of trustees

The trustees of the charity are the trustees of the Salford Diocesan Trust. The trustees are chosen according to their experience of the Trusts Ministry and of its need to function in accordance with both Canon and Civil Law.

Induction and training of trustees

New trustees attend training sessions with current trustees to provide them with all necessary information.

Catholic Truth Society (Diocese of Salford)

Trustees' Report

Organisational structure

The charity is organised so that the trustees meet regularly to manage its affairs. There are two full time administrators, who manage the day to day administration of the charity's retail and mail-order business.

Relationships with related parties

The Salford Diocesan Trust

The Trustees consider the Salford Diocesan Trust to be a related party by virtue of it having common trustees.

CARITAS Diocese of Salford

The Trustees consider CARITAS Diocese of Salford to be a related party by virtue of it having common trustees.

Objectives and activities

Objects and aims

The charity's object and its principal activity continues to be the advancement of religion by promoting knowledge of the Catholic Faith and its practice among both Catholics and Non Catholics via the circulation of books and publications. The activity is aimed at schools and parishes with the Diocese of Salford, and the general public, this is done through direct sales both through the retail outlet and online. The charity works closely with the schools and parishes to ensure that the offering meets their need and the objectives of the charity. The online activity is continuing to increase in line with consumers changing behaviours and we are working on increasing and improving our online presence.

Objectives, strategies and activities

The charity continued with its principal activity promoting the Roman Catholic Faith among members of the Roman Catholic congregation and to the wider public at large.

For over half a century the Catholic Truth Society has been serving the Manchester and Salford parishes, schools and broader community. The shop is open 5 days per week (Monday to Friday) and there is free parking on site for bookshop customers. The shop stocks a wide range of Catholic books and an extensive range of gifts, including statues, rosaries, icons etc.

The Catholic Truth Society stocks resources for schools including RE curriculum and supporting material and also provides a service to parishes for their piety stalls. Each school and parish in the Diocese already has an account with the shop and the bookshop staff are always on hand to help and advise.

Achievements and performance

The charity continued to promote the Roman Catholic Faith, both through sales in the Bookshop and also via the provision of resources to parishes and schools. It has also supported Diocese-wide initiatives.

Catholic Truth Society (Diocese of Salford)

Trustees' Report

Plans for future periods

Aims and key objectives for future periods

The charity will continue working closely with schools and parishes to ensure that it keeps a range of stock that is attractive and affordable to customers, whether they be visitors to Cathedral Centre, Catholic schools within the diocese or members of the general public shopping online.

Activities planned to achieve aims

The Charity continues to develop further its e-marketing strategy to schools to fit in with the liturgical year and to improve its online presence with an improved website and online sales function.

Fundraising disclosures

The charity does not undertake any fundraising activities, all funds are raised by undertaking charitable activities.

Public benefit

The charity regularly reviews its activities and the benefits the activities bring to the public. All activities undertaken are for the public benefit.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Going concern

The charity prepares its financial statements on a going concern basis. The trustees have, at the time of approving the financial statements, a reasonable expectation that the Charity have adequate resources to continue in operational existence for the foreseeable future.

Key risks and uncertainties disclosures

The key risks and uncertainties that the trustees envisage going forward is the future of the retail aspects of the charity, that is the sales made to the general public via the shop. The physical shop was closed from March 2020 until August 2021 and this has had and continues to have an adverse effect on the income for the charity.

The online activity of the charity is increasing and the trustees are looking at ways to help this grow further.

Financial review

Turnover from the sale of goods reduced in the year to £72,921 (2020 - £65,486).

Legacies received in the year amounted to £71 (2020: £75).

Grants received in the year amounted to £31,814 (2020: £24,921).

Total resources expended amounted to £99,303 (2020 - £114,197) with the result for the year being a (deficit)/surplus of £5,504 (2020 - £(23,704)).

The net position at 31 December 2021 are charity reserves in surplus of £156,634 (2020 - £151,130).

Catholic Truth Society (Diocese of Salford)

Trustees' Report

Policy on reserves

The Management Committee has examined the charity's requirements for reserves in light of the main risks to the organisation. It has established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the charity should be a minimum of 6 months of the expenditure. Based on the expenditure for 2021 being £99 thousand the target is therefore £50 thousand in general funds. The present level of reserves available to the charity is £156 thousand, therefore, this is more than the minimum target level.

Approved by the trustees of the charity on 15 September 2022 and signed on its behalf by:



.....
Bishop John Stanley Kenneth Arnold
Trustee

Catholic Truth Society (Diocese of Salford)

Trustees' Report

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Catholic Truth Society (Diocese of Salford) for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The annual report was approved by the trustees of the charity on 15 September 2022 and signed on its behalf by:



Bishop John Stanley Kenneth Arnold
Trustee

Catholic Truth Society (Diocese of Salford)

Independent Auditor's Report to the Members of Catholic Truth Society (Diocese of Salford)

Opinion

We have audited the financial statements of Catholic Truth Society (Diocese of Salford) (the 'charity') for the year ended 31 December 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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 the 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 charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

Catholic Truth Society (Diocese of Salford)

Independent Auditor's Report to the Members of Catholic Truth Society (Diocese of Salford)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Catholic Truth Society (Diocese of Salford)

Independent Auditor's Report to the Members of Catholic Truth Society (Diocese of Salford)

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 6), the trustees 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 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 charity, we identified that the principle risks of non-compliance with laws and regulations related to breaches of the legal and regulatory framework that the company operates in. We considered the extent to which non-compliance might have a material effect on the financial statements. The key laws and regulations we considered in this context included UK Companies Act 2006, Charity SORP, GDPR and health and safety.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims.
- reviewing correspondence with HMRC, relevant regulators and the charities legal advisors.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charity through discussions with key management and the trustees and from our knowledge and experience of the sector, we assessed the extent of compliance and the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

Catholic Truth Society (Diocese of Salford)

Independent Auditor's Report to the Members of Catholic Truth Society (Diocese of Salford)

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control systems, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned in accordance with ISAs (UK).

We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the trustees.

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

Use of our report

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Catholic Truth Society (Diocese of Salford)

Independent Auditor's Report to the Members of Catholic Truth Society (Diocese of Salford)



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Mr John Saxon (Senior Statutory Auditor)
For and on behalf of The Moffatts Partnership LLP, Statutory Auditor

Chartered Accountants
Progress House
396 Wilmslow Road
Withington
Manchester
M20 3BN

15 September 2022

Catholic Truth Society (Diocese of Salford)

Statement of Financial Activities for the Year Ended 31 December 2021
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2021 £
Income and Endowments from:			
Donations and legacies	3	71	71
Charitable activities	5	<u>104,736</u>	<u>104,736</u>
Total income		<u>104,807</u>	<u>104,807</u>
Expenditure on:			
Charitable activities	6	<u>(99,303)</u>	<u>(99,303)</u>
Total expenditure		<u>(99,303)</u>	<u>(99,303)</u>
Net income		<u>5,504</u>	<u>5,504</u>
Net movement in funds		5,504	5,504
Reconciliation of funds			
Total funds brought forward		<u>151,130</u>	<u>151,130</u>
Total funds carried forward	18	<u><u>156,634</u></u>	<u><u>156,634</u></u>
	Note	Unrestricted £	Total 2020 £
Income and Endowments from:			
Donations and legacies	3	75	75
Charitable activities	5	<u>90,407</u>	<u>90,407</u>
Other income		<u>11</u>	<u>11</u>
Total income		<u>90,493</u>	<u>90,493</u>
Expenditure on:			
Charitable activities	6	<u>(114,197)</u>	<u>(114,197)</u>
Total expenditure		<u>(114,197)</u>	<u>(114,197)</u>
Net expenditure		<u>(23,704)</u>	<u>(23,704)</u>
Net movement in funds		<u>(23,704)</u>	<u>(23,704)</u>
Reconciliation of funds			
Total funds brought forward		<u>174,834</u>	<u>174,834</u>
Total funds carried forward	18	<u><u>151,130</u></u>	<u><u>151,130</u></u>

All of the charity's activities derive from continuing operations during the above two periods.
The funds breakdown is shown in note 18.

The notes on pages 15 to 27 form an integral part of these financial statements.

Catholic Truth Society (Diocese of Salford)

(Registration number: 3205602)

Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	220	621
Current assets			
Stocks	14	67,826	76,031
Debtors	15	5,755	4,514
Cash at bank and in hand	16	94,617	105,735
		168,198	186,280
Creditors: Amounts falling due within one year	17	(11,784)	(35,771)
Net current assets		156,414	150,509
Net assets		156,634	151,130
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		156,634	151,130
Total funds	18	156,634	151,130

The financial statements on pages 12 to 27 were approved by the trustees, and authorised for issue on 15 September 2022 and signed on their behalf by:



Bishop John Stanley Kenneth Arnold
Trustee

The notes on pages 15 to 27 form an integral part of these financial statements.

Catholic Truth Society (Diocese of Salford)

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash income/(expenditure)		5,504	(23,704)
Adjustments to cash flows from non-cash items			
Depreciation		<u>401</u>	<u>1,892</u>
		5,905	(21,812)
Working capital adjustments			
Decrease/(increase) in stocks	14	8,205	(4,543)
(Increase)/decrease in debtors	15	(1,241)	3,374
Decrease in creditors	17	<u>(15,125)</u>	<u>(5,123)</u>
Net cash flows from operating activities		(2,256)	(28,104)
Cash flows from financing activities			
Repayment of loans and borrowings	17	<u>(8,862)</u>	<u>7,407</u>
Net decrease in cash and cash equivalents		(11,118)	(20,697)
Cash and cash equivalents at 1 January		<u>105,735</u>	<u>126,432</u>
Cash and cash equivalents at 31 December		<u><u>94,617</u></u>	<u><u>105,735</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

The notes on pages 15 to 27 form an integral part of these financial statements.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

1. Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:

Cathedral Centre

3 Ford Street

Salford

M3 6DP

These financial statements were authorised for issue by the trustees on 15 September 2022.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Catholic Truth Society (Diocese of Salford) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

The financial statements have been prepared on a going concern basis.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

Judgements

The critical judgements that management have made are as follows:

- ♦ assessing the recoverability of outstanding debtors and the need for any provision for bad or doubtful debts

Key sources of estimation uncertainty

The charity does not have any estimates that are subject to estimation uncertainty that require disclosure.

Income and endowments

Income from charitable activities includes income recognised as earned as the related goods are provided, it is shown net of value added tax.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Government and other grants

Grants are recognised under the performance model. Income is recognised when the grant's performance-related conditions are met. A grant that does not impose specified future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure; it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees's meetings and reimbursed expenses.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Furniture and fittings	10% straight line basis
Computer and office equipment	20% straight line basis

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charity has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the charity after deducting all of its liabilities.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the charity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charity, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Income from donations and legacies

	Unrestricted funds General £	Total funds £
Donations and legacies;		
Legacies	71	71
Total for 2021	71	71
Total for 2020	75	75

4 Income from grants

	Unrestricted General £	Total 2021 £	Total 2020 £
Grants, including capital grants;			
Government grants	21,814	21,814	24,921
Grants receivable	10,000	10,000	-
	31,814	31,814	24,921

5 Income from charitable activities

	Unrestricted funds General £	Total 2021 £
Bookshop Sales	72,921	72,921
Grants Receivable	31,814	31,814
	104,735	104,735
	Unrestricted funds General £	Total 2020 £
Bookshop Sales	65,486	65,486
Grants Receivable	24,921	24,921
	90,407	90,407

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Expenditure on charitable activities.

	Unrestricted funds General £	Total 2021 £
Cost of sales	35,253	35,253
Employment costs	46,690	46,690
Establishment costs	1,258	1,258
Subscriptions	125	125
Computer expenses	2,265	2,265
Printing, postage and stationery	4,679	4,679
Sundry and other costs	368	368
Bad and doubtful debts	1,871	1,871
Bank charges	3,294	3,294
Depreciation	401	401
	<u>96,204</u>	<u>96,204</u>
	Unrestricted funds General £	Total 2020 £
Cost of sales	40,992	40,992
Employment costs	56,507	56,507
Establishment costs	1,460	1,460
Computer expenses	4,932	4,932
Printing, postage and stationery	285	285
Sundry and other costs	278	278
Advertising and promotion	22	22
Bad and doubtful debts	1,028	1,028
Bank charges	2,681	2,681
Depreciation	1,892	1,892
	<u>110,077</u>	<u>110,077</u>

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

In addition to the expenditure analysed above, there are also governance costs of £3,100 (2020 - £4,120) which relate directly to charitable activities. See note 7 for further details.

£96,204 (2020 - £110,077) of the above expenditure was attributable to unrestricted funds and ENil (2020 - ENil) to restricted funds.

7 Analysis of governance and support costs

Governance costs

	Unrestricted funds General £	Total funds £
Audit fees		
Audit of the financial statements	3,100	3,100
Total for 2021	<u>3,100</u>	<u>3,100</u>
Total for 2020	<u>4,120</u>	<u>4,120</u>

8 Net incoming/outgoing resources

Net incoming/(outgoing) resources for the year include:

	2021 £	2020 £
Audit fees	3,100	3,790
Depreciation of fixed assets	<u>401</u>	<u>1,892</u>

9 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

10 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	41,871	50,971
Social security costs	1,983	3,545
Pension costs	2,836	1,991
	<u>46,690</u>	<u>56,507</u>

The monthly average number of persons (including senior management / leadership team) employed by the charity during the year expressed as full time equivalents was as follows:

	2021 No	2020 No
Managerial	1	1
Administrative	1	1
Shop assistants	1	2
	<u>3</u>	<u>4</u>

No employee received emoluments of more than £60,000 during the year.

11 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>3,100</u>	<u>3,790</u>

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

12 Taxation

The charity is a registered charity and is therefore exempt from taxation.

13 Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
Cost			
At 1 January 2021	<u>93,516</u>	<u>23,098</u>	<u>116,614</u>
At 31 December 2021	<u>93,516</u>	<u>23,098</u>	<u>116,614</u>
Depreciation			
At 1 January 2021	93,052	22,941	115,993
Charge for the year	<u>256</u>	<u>145</u>	<u>401</u>
At 31 December 2021	<u>93,308</u>	<u>23,086</u>	<u>116,394</u>
Net book value			
At 31 December 2021	<u><u>208</u></u>	<u><u>12</u></u>	<u><u>220</u></u>
At 31 December 2020	<u><u>464</u></u>	<u><u>157</u></u>	<u><u>621</u></u>

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Stock

	2021 £	2020 £
Stocks	<u>67,826</u>	<u>76,031</u>

15 Debtors

	2021 £	2020 £
Trade debtors	3,655	2,463
Prepayments	2,100	1,971
Other debtors	-	80
	<u>5,755</u>	<u>4,514</u>

16 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	123	302
Cash at bank	<u>94,494</u>	<u>105,433</u>
	<u>94,617</u>	<u>105,735</u>

17 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,696	7,573
Other loans	4,667	13,529
Other taxation and social security	1,007	804
Other creditors	-	10,000
Accruals	<u>3,414</u>	<u>3,865</u>
	<u>11,784</u>	<u>35,771</u>

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

18 Funds

The charity only holds unrestricted funds - the charity does not have any restricted or designated funds.

	Balance at 1 January 2021 £	Incoming resources £	Resources expended £	Balance at 31 December 2021 £
Unrestricted				
General	<u>151,130</u>	<u>104,807</u>	<u>(99,303)</u>	<u>156,634</u>
	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Balance at 31 December 2020 £
Unrestricted				
General	<u>174,834</u>	<u>90,493</u>	<u>(114,197)</u>	<u>151,130</u>

19 Analysis of net assets between funds

	Unrestricted funds General £	Total funds at 31 December 2021 £
Tangible fixed assets	220	220
Current assets	168,198	168,198
Current liabilities	<u>(11,784)</u>	<u>(11,784)</u>
Total net assets	<u>156,634</u>	<u>156,634</u>
	Unrestricted funds General £	Total funds at 31 December 2020 £
Tangible fixed assets	621	621
Current assets	186,280	186,280
Current liabilities	<u>(35,771)</u>	<u>(35,771)</u>
Total net assets	<u>151,130</u>	<u>151,130</u>

Catholic Truth Society (Diocese of Salford)

Notes to the Financial Statements for the Year Ended 31 December 2021

20 Analysis of net funds

	At 1 January 2021 £	Financing cash flows £	At 31 December 2021 £
Cash at bank and in hand	105,735	(11,117)	94,618
Debt due within one year	(35,771)	23,987	(11,784)
Net debt	<u>69,964</u>	<u>12,870</u>	<u>82,834</u>

	At 1 January 2020 £	Financing cash flows £	At 31 December 2020 £
Cash at bank and in hand	126,432	(20,697)	105,735
Debt due within one year	(33,487)	(2,284)	(35,771)
Net debt	<u>92,945</u>	<u>(22,981)</u>	<u>69,964</u>

21 Related party transactions

During the year the charity made the following related party transactions:

Salford Diocesan Trust

(The Trustees consider The Salford Diocesan Trust to be a related party by virtue of it having common Trustees.)

During the year, Catholic Truth Society have repaid wage recharges from the prior year (Apr 20 - Jun 20 & Nov 20 - Dec 20) as well as current year wage recharges (except underpayments in months Feb 21 - Apr 21), thereby reducing the overall amounts owed to the Salford Diocesan Trust. These transactions form part of the loan to the Catholic Truth Society.

At the balance sheet date the amount due to Salford Diocesan Trust was £4,667 (2020 - £13,529).

CARITAS Diocese of Salford

(The Trustees consider the CARITAS Diocese of Salford to be a related party by virtue of it having common Trustees.)

During the year there were no transactions with CARITAS Diocese of Salford. At the balance sheet date the amount due from CARITAS Diocese of Salford was £116 (2020 - £116).

