

Company number: 06902258

Charity number: 1133179

# Charity Digital Trust

Report and financial statements

For the year ended 31 March 2023

Contents

For the year ended 31 March 2023

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# Charity Digital Trust

## Reference and administrative details

For the year ended 31 March 2023

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<b>Registered name</b>	Charity Digital Trust (formerly Tech Trust)
<b>Trading names</b>	Charity Digital
<b>Company number</b>	06902258
<b>Country of incorporation</b>	England and Wales
<b>Charity number</b>	1133179
<b>Principal office</b>	Pennine Place 2a Charing Cross Road London WC2H 0HF
<b>Registered office</b>	Camburgh House, 27 New Dover Road CANTERBURY, CT1 3DN
<b>Trustees</b>	Ms C Tavernier Mr S Dunne Ms Z Amar Mr P Jacobs (Resigned 21 <sup>st</sup> March 2023) Ms E MacKenzie Ms M Brewis (Resigned 12 <sup>th</sup> December 2022) Mr R George Mr R Taylor Mr J Nathenson (Appointed 4 <sup>th</sup> August 2022) Mr J Tan (Appointed 19th June 2023) Ms C Garbett (Appointed 19th June 2023)
<b>Accountants</b>	Burgess Hodgson Camburgh House, 27 New Dover Road Canterbury CT1 3DN
<b>Bankers</b>	NatWest Bank plc The Strand London WC2N 5JB
<b>Solicitors</b>	Wright Hassall LLP Olympus Avenue Royal Leamington Spa CV34 6BF
<b>Auditors</b>	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House, 108–114 Golden Lane, London EC1Y 0TL

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 March 2023 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).

## Our purposes and activities

- The objects of the charity are to advance in any part of the world such purposes as are recognised as being exclusively charitable in accordance with the law in England and Wales as the trustees shall in their absolute discretion think fit to support or establish.
- Our vision is that technology can create a better world.
- Our mission is to empower not-for-profits to accelerate their own mission through technology.
- Our objectives are to deliver significant software procurement savings, see digital platforms raise significant funds for charities, and demystify technology to make it easier for charities and other social impact not-for-profit organisations (not-for-profits) to be more efficient and effective using digital tools.

The charity and its subsidiaries derive most of their income from trading activities offering products and services to other not-for-profits, either delivering significant cost savings, unique products or levels of support unavailable elsewhere. The trustees have considered this trading position with respect to the Charities SORP, FRS102 and the Charity Commission's guidance on public benefit including:

- Public benefit: the public benefit requirement (PB1)
- Public benefit: running a charity (PB2)
- Public benefit: reporting (PB3)

The trustees are clear that the trading activity model delivers significant benefit to not-for-profits that could not be delivered by a commercial organisation, and that the charity, whilst run on a trading basis, has clear charitable impact objectives which can be quantified and publicly reported.

We have four primary vehicles to deliver our impact:

- Donated and discounted software solutions
- Mail marketing and other engagement services
- Information, education, advice and guidance for not-for-profits
- The provision of fundraising solutions / financial settlement services

## Our values

We believe technology used in the right way and to the right extent can be enormously beneficial to society as a whole. We want technology to be fully utilised for the benefit of not-for-profits and their beneficiaries. Charity Digital Trust (Charity Digital) believes it can do this as a charity trading in a commercial way through collaboration with the technology community whilst maintaining a balanced and agnostic view on the choice of solutions.

We aim to be friendly, honest, supportive, open-minded and humble in our approach to supporting UK not-for-profits.

## Achievements and performance

This report covers the first full financial year after the end of the COVID-19 pandemic restrictions. This saw many not-for-profits move their focus away from digital. It also saw the end of most of the Microsoft on-premise donation programme (in April 2022) and the full impact of the cost-of-living crisis. In response to these environmental changes, the Charity Digital strategy was reviewed and significantly updated. This resulted in the identification of five key growth initiatives which were invested in during the year. These were:

- 1) Growing the Charity Digital user base and content engagement to continue to excite and educate not-for-profits about the potential of digital to increase their impact
- 2) Continuing to grow the base of organisations financially supporting Charity Digital activities including:
  - a. commercial sponsors engaging to support the achievement of their commercial aims
  - b. Corporate Social Responsibility (CSR) organisations engaging to help them achieve their desired social impact (these can include both commercial and non-commercial organisations), and
  - c. grant-givers and foundations engaging to fulfil their charitable objectives
- 3) Continuing to evolve the organisation to deploy more need-based models of engaging with not-for-profits. Our highly-rated customer service function providing the starting platform for this
- 4) Investing in our capability to deliver high-impact grant-based programmes
- 5) Continuing to develop and deliver managed service offerings which support not-for-profits in using new digital technology solutions, particularly in areas which are not well supported by commercial organisations

As a result of the programme change and investments, the charity planned for and recorded a deficit in the year. Progress with the strategic initiatives is outlined in the report as well as future plans.

Our central purpose has essentially remained the same – helping not-for-profits throughout the UK adjust to and embrace the opportunities and challenges of an increasingly digital world. We continue to focus on three areas to progress our purpose:

- Becoming the UK's central resource for helping not-for-profits access digital products and services at no or very low cost from multiple 3<sup>rd</sup> party providers;
- Providing information, education, guidance and advice on how not-for-profits can do things more effectively or efficiently – typically using digital platforms and technology (through our Charity Digital publishing platform, our webinars and events and training programmes);
- Providing some of our own platforms where provision wasn't great for not-for-profits (donor email management, payment processing services).

The achievements of the charity are significant, delivering:

- In excess of £288m of savings and discounts for the not-for-profit sector on their software and hardware purchases
- Annual hard cash savings now running at £4m a year on items they would have otherwise paid a lot more for
- Over £340m in donations & payments collected for not-for-profits
- Over 80,000 not-for-profits supported and helped with our discount and donations services
- Nearly 600,000 not-for-profits are estimated to access our information and advice services annually to improve what they do and how they do it
- As a result of all of the above, helping not-for-profits with additional funding, resources and capabilities to significantly improve the services they ultimately provide to their beneficiaries.

As a trading charity we have historically generated enough income from activities to sustain the charity and add to reserves for the future however the drop in income and expenditure on strategic investments resulted in a planned deficit in 2022/23. Our current annual revenue stands at £2.2m (2021/22 £2.3m) with a deficit of £334k and cash reserves of over £0.8m.

Though 2022/23 was free of any COVID-19 lockdown effects, the cost of living crisis had a major impact on the sector with increased costs and reduced income from public fundraising experienced by many not-for-profits.

In line with our strategic aims, we were pleased to receive increased levels of support from the tech sector in providing the above services. This resulted in record sponsorship and event revenues of £616k. However, the latter part of the financial year saw many tech businesses commence major cost-reduction programmes many of which impacted their not-for-profit activities. Whilst this had little effect on the charity's 2022/23 results it has significantly impacted the 2023/24 finances.

### Software and Related Services – Charity Digital Exchange

We have been operating the donation programme in the UK since 2006 in close collaboration with our partner TechSoup in the USA. Software partners like Microsoft, Adobe and AWS, and hardware providers like Cisco, make their products available to us. We then give eligible not-for-profits access to those products at free or heavily discounted prices, charging an administration fee for each product taken, which funds the eligibility assessment, marketing and customer support.

In 2022/23 7,024 (2021/22 7,404) not-for-profits received a donation from the exchange programme, generating administration fees for Charity Digital of £459k (£845k in 2021/22), cumulatively saving not-for-profits around £4m (2021/22 £12m) versus fair market value. During the year, 3,800 new not-for-profits registered (2,925 in 2021/22) and became eligible to receive donated software. By the financial year end, a total of 80,800 not-for-profits had registered on the programme since 2006, saving a total of around £288m in procurement costs.

The drop in administration fees in the year was anticipated with Microsoft ending its on-premise software donation programme, other than for the Windows Operating System and those not-for-profits running publicly shared computer resources (i.e. libraries and computer training labs). The changes which took effect on April 4<sup>th</sup>, 2022 were reported in previous annual reports and accelerated a review of the Charity Digital strategy. One element of the strategy was to be more needs-based in our engagement with not-for-profits. This is already delivering results as the non-Microsoft elements of the donation programme grew 16% to £413k in 2022/23 (£355k in 2021/22).

Improving the service we offer to our not-for-profit beneficiaries is important to us and in 2022/23 we introduced two major developments. The first in April 2022 was the introduction of a new customer operations software system called Front. This helps us to more efficiently manage emails, messages and other interactions with customers and supports better collaboration within our customer service team. The second was the introduction of LiveChat in January 2023. LiveChat supports real-time interactions with users who visit the Charity Digital website. It enables personalised support to be provided quickly and efficiently. Both of these developments have contributed significantly to the charity maintaining high customer satisfaction scores. We continually monitor not-for-profit satisfaction and value for money when using the Exchange programme through Trust Pilot. We have consistently maintained a 5-star rating and have an ongoing programme of improvement to address any specific issues and complaints.

Since 2006 we have built considerable experience validating UK not-for-profits for access to discounted technology on the Exchange. We have been providing bespoke validation services to various businesses including Microsoft for Office 365, and Google for their Workspace for Nonprofits programmes. This has accelerated the number of not-for-profits we interact with, especially the larger ones. During 2022/23 9,992 (2021/22 11,561) not-for-profits registered for these supplementary services. The drop in the number of validations in 2021/22 was driven by a combination of factors. The most significant was the decision by Google to start to transition its validation away from TechSoup – starting in the UK in Q3 2022/23. This appears to have been primarily driven by cost considerations. The number of requests for Microsoft validations also dropped in the year. Despite the drop in validation volumes, the product-related validation income

increased slightly to £125k (2021/22 £118k) as a result of currency movements and changes in the mix of validation activity. As a result of the Google changes, validation income is expected to be lower in 2023/24.

#### **Software and Related Services – Charity Digital Mail**

We bulk buy millions of e-mails a month from dotdigital (previously known as DotMailer), a specialist marketing automation provider, and then pass the volume discount we achieve back to the not-for-profits. They can send out templated and branded e-mails to their donors, supporters and service users via a white-labelled dotdigital platform. So that not-for-profits can get the maximum impact from the platform, we provide initial technical training and ongoing support and training including know-how on improving open rates and click-throughs.

In 2022/23, we sent over 49 million e-mails on behalf of UK not-for-profits (48 million 2021/22). We have a 95% customer retention rate and recruited 9 new clients last year, more than replacing the 6 we lost. The increase in the total number of emails sent was primarily due to not-for-profits increasing the volume of sends.

#### **Information and Education Services – Advertiser-Funded Activity**

We know from our many years of experience that not-for-profits struggle to keep pace with changing technology and are quite often daunted by the prospect of IT-related projects. Our information and education platform, previously known as CDN but migrated to our new Affino platform in March 2020, was created to provide a unique daily feed of case studies and helpful advice, aiding not-for-profits in achieving more with digital tools.

Page views on the platform were stable at 1.8m in 2022/23 (1.9m in 2021/22) despite a temporary move away from consuming digital content in the immediate post-pandemic period. To support the strategic aim of growing our not-for-profit audience, during the year we invested significant effort and funds in better understanding our audience's needs and consumption behaviours and reflected this in our content and improvements to Affino. This has resulted in considerable traffic and page view growth in 2023/24. In 2022/23 our newer content types continued to do well with videos generating 15,382 views, podcasts generating 17,190 listens (12,100 in 2021/22) and webinars generating 15,366 participants (8,214 in 2021/22).

With the return of physical events from the spring of 2022, we were able to run two in-person conferences in 2022/23 as well as hosting our popular virtual #BeMoreDigital Fundraising Day. Our first conference of the year was our delayed 2022 #BeMoreDigital Conference which took place in June 2022 at the Hammersmith Novotel. This was followed in March 2023 by the #BeMoreDigital 2023 Conference. Our conferences saw us host nearly 600 not-for-profit delegates with our popular travel bursary scheme helping to support attendance from those based outside the greater London area. Despite an increased appetite for in-person events, following the COVID lockdowns, our virtual #BeMoreDigital Fundraising Day 2022 enjoyed strong engagement with 449 live attendees (2021 441 attendees). This illustrates the continued appetite for virtual events, which offer not-for-profits from across the country quick and cost-effective access to high-quality education and information regardless of their location.



Our information and education services have traditionally been funded from advertising, sponsorship and lead generation campaigns delivered for a mixture of large corporate and focused niche suppliers to the not-for-profit market. With two in-person events and strong sponsor support across the year, revenues increased to £616k (2021/22 £367k). With the softening of the sponsor market outlined previously and a reduction back to one in-person event per year, these increases will not be sustained in 2023/24.

#### **Information and Education Services – Grant Funded**

In the 2022/23 year, the level of grant-funded activity undertaken by the charity reduced slightly to £237k (2021/22 £288k). Grants enable us to deliver programmes which have a more focused impact and would not be fundable by our other income streams. Some of these grants were received directly from funders such as from the Heritage Fund (for the Heritage Digital Academy which is managed by Charity Digital but delivered by a consortium) and others indirectly such as the Digital Questions Project which is also funded by the Heritage Fund but paid by the Heritage Alliance who are managing that project.

The Heritage Digital Academy concluded in November 2022 having started in May 2021. The programme supported 643 individuals from 526 unique Heritage organisations (which are predominantly not-for-profit organisations) in “Making a Plan for Digital” and “Designing Digital Services”. Respondents provided strongly positive feedback with 95% of respondents recommending the programme.

Significant funding was also received from the Okta for Good Fund via the TIDES Foundation for a new programme called Accelerating Digital Strategy. This programme, which supports a cohort of not-for-profits on a 12-month accelerator combining learning and doing, started in March 2022 but was predominantly delivered in the 2022/23 financial year. In October of 2022, we were pleased to receive further funding for a second year of this programme which is focused on supporting not-for-profits in implementing the Digital Strategies previously developed. This programme is being delivered between January and December 2023.

In 2021/22 Charity Digital became the custodian for the Charity Digital Code. The Code was developed by a consortium of voluntary sector contributors, chaired by Zoe Amar (who is also a Charity Digital Trustee). Using residual grant funding which was transferred to Charity Digital some limited user research and education was delivered in the year. More substantial funding is being sought to enable a major update and increased promotion of the Code.

Though there has been some excellent grant delivery, progress on growing grant-funded activity has been disappointing. This largely reflects trusts and foundations reducing funding for infrastructure organisations and digital initiatives to enable them to focus on funding front-line service organisations (for example Heritage Fund support for digital ran from 2020–22 but has not been extended into 2023).

### Settlement Services

CTT Charity Payments has continued to invest in its Direct Debit processing solution for UK lotteries, processing around 156,000 direct debits a month compared to 152,000 in 2021/22. The aim is to continue to offer the lowest-cost solution available to maximise the proportion of ticket proceeds going to each charity.

### How we generate funds

The Charity does not raise funds through fundraising campaigns or other channels. All funding is generated by the commercial activities of the Charity or funds provided under grant programmes.

## Financial review

The consolidated unrestricted fund position as of 31 March 2023 is £514,432 compared with £864,389 as at 31 March 2022. Consolidated income of £2,200,384 reduced from the 2021/22 figure of £2,260,611 whilst total expenditure was at £2,534,846 versus £2,235,210 in the previous year.

The excess of expenditure over income in the year has led to a decrease in funds carried forward at year-end to £609,888.

## Reserves policy and going concern

The reserves policy aims to ensure that the charity (and group) has sufficient reserves to continue its core activities of providing services to the charity sector, even when there are significant deviations from its business plans. The level of reserves is further considered in the context of approved contingent charity activities investment. The level of reserves needed to achieve this objective is reviewed on an annual basis, and for the 2022/23 financial year, the target level was held in line with the policy at a target of £200,000. This target of free reserves is calculated as being Net Assets less Fixed Assets. This free reserves target was reviewed specifically by the Board at its full board meeting in March 2022 and deemed to be sufficient.

In conducting this review, a number of factors are taken into account including the degree of risk associated with future income streams, the level of fixed costs and forecast cash flow requirements.

At year-end, the amount of unrestricted funds to be carried forward was £514,432. Using the calculation of Net Assets less Fixed Assets as above, unrestricted free reserves at 31 March 2023 were £514,432 thereby exceeding the free reserves target of £200,000. With the reserves significantly reduced the charity has introduced a number of cost-saving measures in 2023/24 and has sharpened its strategic focus to a smaller number of the initiatives which were delivering the most significant results.

The Financial Sub-Committee will continue to review the financial situation carefully regularly, identifying risks and potential remedies versus the monthly re-forecasting.

The trustees are confident that the activities contained within the subsidiary, CTT Charity Payments Limited, continue to provide value to the charity, both in terms of its complementary activity and benefit to the charity and charitable impact to the charity community. A small profit has been forecast for the coming year, and future years will deliver similar if not higher excess funds for use in the charity. It should also be noted that included in the subsidiary's forecast profit expected in the next financial year are apportionments of fixed cost and expense incurred in, and recharged by, the charity to the subsidiary, which would not be avoided should the subsidiary be closed. As in previous years, the provision for intercompany indebtedness in the charity has been adjusted to reflect the amount outstanding as of 31 March 2023 and provided for in full as of that date and the trustees will continue to review this position in the future.

### Plans for future periods

As outlined earlier in the report the end of the majority of the Microsoft on-premise donation programme had a significant effect on the 2022/23 finances which when combined with investments resulted in a major deficit.

The 2023/24 finances have been further affected by sponsorship reductions from tech businesses, loss of Google validations, reduced grant funding opportunities and the impact of inflation on the Charity Digital cost base. As a result, the charity has been forced to undertake a major cost-cutting programme to bring its finances to a sustainable position.

It has halted its investments in grants and managed services (though these areas will continue to be pursued opportunistically where resources allow) and focused its attention on the initiatives which have been delivering the most significant results:

- 1) Growing the Charity Digital audience. The results of previous investments have started to deliver significant growth in 2023/24. This means that the charity is helping many more not-for-profits and this audience should over time convert to higher revenues as these organisations take up chargeable services and as sponsors see better results from their programmes and invest more in Charity Digital services
- 2) Continuing to grow the funder base. This was highly successful in previous years and though 2023/24 is seeing some challenges as a result of the broader tech sector and economic environment we believe the sponsor market will return in time
- 3) Engaging not-for-profits with needs-based models. This showed early results in 2022/23 with an increase in the non-Microsoft part of the donation programme and we believe continuing with this approach should continue to deliver growth in the product side of the organisation

Together with TechSoup Global, we will continue to work with partners like Microsoft, AWS and Adobe to help not-for-profits use technology to enable them to thrive and deliver more impact for their beneficiaries.

The continuous improvement principles applied over the last ten years will continue with a focus on using technology to improve efficiency and negotiating the best possible commercial deals with suppliers.

All products and services will be reviewed for impact and their ability to generate a margin versus the complexity, risk and investment surrounding their operation. We expect to see ever greater integration between product and content on the Charity Digital platform over the coming years.

## Principal risks

Our approach to risk management and control is described on page 10. Following review by the Trustees, the principal risks and uncertainties facing Charity Digital and its subsidiaries are listed here, together with a summary of our approach to managing those risks.

Risk	Our Response
<b>Financial Challenge</b>	
We operate in a dynamic environment and the viability of our business model cannot be assumed to continue. In addition, we are exposed to the impact of the broader economic environment on our customers.	We keep our business performance under constant review. We are actively seeking to both grow our existing revenue streams and to seek new avenues for the generation of income.
<b>People and Culture</b>	
Current market conditions mean that it may be difficult for the charity to recruit and retain the right calibres of staff and hence achieve its strategic goals.	We place significant emphasis on ensuring our employees feel connected to the charity and its mission. We aim to maintain a remuneration package that is competitive within our sector including a performance-linked bonus scheme.
<b>Internal Factors</b>	
Our activities are highly dependent upon our I.T. systems and in common with other organisations cyber threats are a serious risk.	Our I. T. environment and systems are overseen by a dedicated resource. The security of our systems and our plans to ensure the continuity of operations are kept under review.

## Governing document

Charity Digital Trust is a company limited by guarantee governed by its Memorandum and Articles of Association dated 05 October 2018. It is registered as a charity with the Charity Commission in England and Wales.

## Leadership induction and training

New trustees undergo an orientation meeting regarding their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and to inform them of the content of the Memorandum and Articles of Association, decision-making processes, the strategy, the business plan, the budgets and recent financial performance of the charity. An induction document is updated annually.

## Leadership

During the year the charity had up to 9 voluntary trustees that met formally four times to review the operations and strategy of the charity and its subsidiary and provide guidance and support to management. The trustees continue to delegate the day-to-day operational decision-making to the Chief Executive and the directors of CTT Charity Payments Limited (CTTCP).

## Charity Code of Governance

The Trustees are guided by the principles of the Charity Code of Governance. The composition of the Board is reviewed regularly to ensure that the right mix of skills is present to guide the charity. Throughout the charity equality, diversity and inclusion is a guiding principle and the Board reviews the composition of our team regularly both in terms of composition and remuneration. The Board works closely with management through several sub-committees which help to ensure that the right decisions are taken to advance the mission of the charity. The adequacy of the internal control environment is monitored by the Risk Committee each quarter and reported to the Board.

## Related parties and cooperation with other organisations

None of our trustees receive remuneration or other benefits from their work with the charity. However, some of the trustees own or manage companies that the charity partners with and any payments to those organisations for services are logged on the conflict-of-interest register. Any new potential conflicts are declared at each board meeting

## Pay policy for senior staff

All trustees give of their time freely and none have received remuneration in the year (2021/22: £Nil)

The pay of the staff is reviewed annually and normally increased in accordance with average earnings and a view on the cost of living.

The CEO salary is reviewed annually by the trustees benchmarking against levels in other charities, social enterprises and commercial organisations. The salary of the CEO was last reviewed in April 2023 at the same time as other staff members.

## **Risk management**

The Trustees are responsible for identifying and managing the major risks facing the charity. Trustees regularly consider risk management in a broad and strategic manner, considering all relevant internal and external factors that might alter or undermine the capacity of the charity to fulfil its charitable objectives, its mission and its strategy. Risk registers provide comprehensive assurance of the following areas of risk and control:

- Financial sustainability including sustaining and growing our income streams,
- People and culture,
- Operations and processes,
- Compliance with relevant laws and regulations,
- Strategy and impact.

Our risk review process assesses each of the major risks and the effectiveness of the arrangements for managing them. The resulting report is reviewed by the Risk Subcommittee and Trustees every quarter and in greater depth once each year. The Risk Appetite statement is also reviewed by the Trustees annually. The Trustees are satisfied that the principal risks have been identified and are being effectively managed.

To ensure our future viability we continue to employ continuous improvement principles in operational and financial areas with a specific focus on being more effective and efficient at what we do whilst having the lowest cost levels possible. We have introduced several digital solutions to facilitate this whilst focussing on supplier cost reduction.

The trustees are confident that the risks and safeguards contained in the risk assessment have been properly documented and addressed over the course of the financial year. In addition, the trustees have reviewed the internal controls within the charity and its subsidiaries to ensure that they were operating effectively throughout the year as well as ensuring that they will safeguard the assets of the charity.

## **Trustees' responsibilities in relation to the financial statements**

The charity trustees are responsible for preparing the report of the trustees and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the

incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and the group and hence 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.

## **Statement as to disclosure to our auditors**

In so far as the trustees are aware at the time of approving the report of the trustees:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to
- establish that the auditor is aware of that information.

By order of the board of trustees

Claire Tavernier (Chair)

11<sup>th</sup> December 2023

## Independent auditor's report

To the members of

Charity Digital Trust

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### Opinion

We have audited the financial statements of Charity Digital Trust (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 FRS 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 group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

### 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 group financial statements section of our report. We are independent of the group and parent 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 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 Charity Digital Trust'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 other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the group financial statements themselves. 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.

## Opinions 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' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 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 group's and the parent 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 group or the parent 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

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

## Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, audit committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.

## Independent auditor's report

### To the members of

### Charity Digital Trust

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- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

Joanna Pittman (Senior statutory auditor)

Date 18 December 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

**Consolidated statement of financial activities** (incorporating an income and expenditure account)**For the year ended 31 March 2023**

				2023			2022
	Note	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
<b>Income from:</b>							
Grants		25,476	211,182	236,658	2,719	284,847	287,566
Charitable activities							
Software and related services		1,155,390	–	1,155,390	1,440,862	–	1,440,862
Information and education services		636,361	–	636,361	367,474	–	367,474
Settlement services		163,640	–	163,640	163,277	–	163,277
Other		8,335	–	8,335	1,432	–	1,432
<b>Total income</b>		<b>1,989,202</b>	<b>211,182</b>	<b>2,200,384</b>	<b>1,975,764</b>	<b>284,847</b>	<b>2,260,611</b>
<b>Expenditure on:</b>							
Charitable activities							
Software and related services		988,829	195,687	1,184,516	1,073,413	209,386	1,282,799
Information and education services		1,018,394	–	1,018,394	738,486	–	738,486
Settlement services		278,224	–	278,224	199,889	–	199,889
Other		53,712	–	53,712	14,036	–	14,036
<b>Total expenditure</b>	2,3	<b>2,339,159</b>	<b>195,687</b>	<b>2,534,846</b>	<b>2,025,824</b>	<b>209,386</b>	<b>2,235,210</b>
<b>Net movement in funds</b>		<b>(349,957)</b>	<b>15,495</b>	<b>(334,462)</b>	<b>(50,060)</b>	<b>75,461</b>	<b>25,401</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward	18	864,389	79,961	944,350	914,449	4,500	918,949
<b>Total funds carried forward</b>		<b>514,432</b>	<b>95,456</b>	<b>609,888</b>	<b>864,389</b>	<b>79,961</b>	<b>944,350</b>

There were no other recognised gains or losses other than those stated above. All activities are continuing. Movements in funds are disclosed in note 19 to the financial statements.

As at 31 March 2023

	Note	The group 2023 £	2022 £	The charity 2023 £	2022 £
<b>Fixed assets:</b>					
Tangible assets	9	–	33,461	–	33,461
		–	33,461	–	33,461
<b>Current assets:</b>					
Debtors	12	291,984	185,589	636,764	524,568
Short term deposits		174,719	170,049	174,719	170,049
Cash at bank and in hand		773,986	1,522,927	618,164	1,224,262
		1,240,689	1,878,565	1,429,647	1,918,879
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	(630,801)	(967,676)	(548,092)	(680,053)
<b>Net current assets</b>		609,888	910,889	881,555	1,238,826
<b>Total assets less current liabilities</b>		609,888	944,350	881,555	1,272,287
Creditors: amounts falling due after one year	15	–	–	(447,446)	(447,446)
<b>Total net assets</b>		609,888	944,350	434,110	824,841
<b>Funds:</b>					
Restricted income funds		95,456	79,961	95,456	79,961
Unrestricted general funds		514,432	864,389	338,654	744,880
<b>Total funds</b>	18, 19	609,888	944,350	434,110	824,841

Approved by the trustees on 11 December 2023 and signed on their behalf by

Claire Tavernier  
Chairman of the Trustees

Charity Digital Trust

Consolidated statement of cash flows

For the year ended 31 March 2023

	Note	2023 £	£	2022 £	£
<b>Cash flows from operating activities</b>					
<b>Net cash provided by / (used in) operating activities</b>	20		<b>(744,270)</b>		267,769
<b>Cash flows from investing activities:</b>					
Purchase of fixed assets		–		(4,522)	
Amounts placed on short term deposit		<b>(4,671)</b>		<b>(48)</b>	
<b>Net cash used in investing activities</b>			<b>(4,671)</b>		<b>(4,570)</b>
<b>Change in cash and cash equivalents in the year</b>			<b>(748,941)</b>		263,199
Cash and cash equivalents at the beginning of the year			<b>1,522,927</b>		1,259,728
<b>Cash and cash equivalents at the end of the year</b>			<b>773,986</b>		<b>1,522,927</b>

**1 Accounting policies**

**a) Statutory information**

Charity Digital Trust is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address is Camburgh House, 27 New Dover Road, Canterbury CT1 3DN and its main place of business is Pennine Place, 2a Charing Cross Road, London WC2H 0HF.

**b) Basis of preparation**

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) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary CTT Charity Payments Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern and meet its liabilities as they fall due.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. There has been no material impact on trading through the Covid period and there is no expectation that there will be in the rest of the financial year.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met. Such deferment is also applied to grants and donations until those services for which the grant or donation was made, have been provided.

**f) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

## 1 Accounting policies (continued)

### g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

### h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of the group's charitable activities undertaken to further the purposes of the group and their associated support costs
- Other expenditure represents those items not falling into any other heading

### i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on estimates of activity and/or staff time, of the amount attributable to each activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on either staff time or turnover creating the following ratios:

	Support %	Governance %
● Software and related services	18	53
● Marketing services	45	28
● Settlement services	–	7
● Other	–	12
● Governance	37	–

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

### j) Operating leases

The Charity had no operating leases or rentals in the financial period other than that of a short term lease for accommodation (shown in Note 21 below); the cost of which is charged as it is incurred on a straight line basis.

### k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £200. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Fixtures and fittings 3 years
- Computer equipment and software 3 years



**1 Accounting policies (continued)**

**l) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**m) Cash at bank and in hand**

Cash at bank and cash in hand only includes balances held in accounts with instant access.

**n) Short term deposits**

Short term deposits includes cash balances that are invested in accounts with maturity dates of greater than 90 days.

**o) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**p) Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**q) Pensions**

The Charity operates a contribution pension scheme which is available to all members of staff. The Charity contributes a fixed 2.5% (2022:5%).

## 2 Analysis of expenditure (current year)

	Charitable activities								
	Software & related services £	Information and Education services £	Settlement services £	Other £	Governance costs £	Support costs £	2023 Total £	2022 Total £	
Staff costs (Note 5)	193,381	506,230	–	–	381,509	–	1,081,120	877,940	
Cost of sales	556,191	224,095	220,274	–	–	–	1,000,561	953,931	
Other staff related costs	9,224	22,641	–	–	18,448	–	50,312	50,172	
Marketing	69,423	–	–	–	–	–	69,423	39,631	
IT and transaction cost	66,719	–	–	–	–	–	66,719	83,066	
Consultancy, legal & prof.	–	38,895	16,484	–	–	45,147	100,526	74,760	
Auditors remuneration	–	–	–	–	13,500	–	13,500	13,500	
Accommodation and office	–	–	5,472	–	–	88,914	94,386	90,978	
Financing and Interest	–	–	–	–	–	–	–	–	
Depreciation and amort.	–	–	–	–	–	34,884	34,884	36,480	
Other	–	–	–	–	–	23,414	23,414	14,752	
	894,938	791,861	242,230	–	413,457	192,359	2,534,846	2,235,210	
Support costs	35,266	86,562	–	–	70,532	(192,359)	–	–	
Governance costs	254,311	139,972	35,994	52,054	(482,331)	–	–	–	
<b>Total expenditure 2023</b>	<b>1,184,516</b>	<b>1,018,394</b>	<b>278,224</b>	<b>52,054</b>	<b>1,657</b>		<b>2,534,846</b>	<b>2,235,210</b>	
Total expenditure 2022	1,284,572	738,938	200,090	11,714	(104)	–	–	2,235,210	

## 3 Analysis of expenditure (prior year)

	Charitable activities						
	Re stated Software & related services £	Restated Information and Education services £	Settlement services £	Other £	Governance costs £	Support costs £	2022 Total £
Staff costs	246,756	367,471	–	–	–	263,713	877,940
Cost of sales	692,376	90,306	171,249	–	–	–	953,931
Other staff related costs	15,494	24,584	–	–	10,093	–	50,172
Marketing	39,631	–	–	–	–	–	39,631
IT and transaction cost	83,066	–	–	–	–	–	83,066
Consultancy, legal & prof.	–	24,741	15,138	–	–	34,881	74,760
Auditors remuneration	–	–	–	–	13,500	–	13,500
Accommodation and office	–	–	5,472	–	–	85,506	90,978
Financing and Interest	–	–	–	–	–	–	–
Depreciation and amort.	–	–	–	–	–	36,480	36,480
Other	–	–	–	–	–	14,752	14,752
	1,077,324	507,102	191,859	–	23,593	435,332	2,235,210
Support costs	134,441	213,313	–	–	87,578	(435,332)	–
Governance costs	71,034	18,072	8,030	14,036	(111,171)	–	–
<b>Total expenditure 2022</b>	<b>1,282,799</b>	<b>738,486</b>	<b>200,090</b>	<b>14,036</b>	<b>–</b>	<b>–</b>	<b>2,235,411</b>

**4 Net income for the year**

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation	34,884	36,480
Operating lease rentals:		
Property	92,853	88,540
Equipment	–	120
Auditors' remuneration (excluding VAT):		
Audit – group	13,500	13,500
Audit – subsidiary	3,750	3,250
Other services	1,025	–
Over-accrual in prior year	–	1,200
Foreign exchange losses/(gains)	6,988	3,048
	<b>6,988</b>	<b>3,048</b>

**5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	954,493	762,411
Social security costs	104,269	83,812
Employer's contribution to defined contribution pension schemes	22,358	26,533
Other forms of employee benefits	–	5,185
	<b>1,081,120</b>	<b>877,940</b>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2023 No.	2022 No.
£60,000 – £69,999	2	–
£70,000 – £79,999	1	–
£80,000 – £89,999	1	–
£90,000 – £99,999	–	–
£100,000 – £109,999	–	1
£110,000 – £119,000	1	–

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £307,867 (2022: £288,831).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

No donations were received from Trustees during the year. (2022 – Nil).

Travel expenses of £99 were paid to one of the Trustees in the financial year (2022: £nil).

## 6 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 18 (2022:17).

Staff are split across the activities of the charitable company as follows:

	2023 No.	2022 No.
Software and support	3.9	5.3
Mail & marketing Services	9.1	8.3
Support	4.8	3.4
	<b>17.8</b>	<b>17.0</b>

## 7 Related party transactions

There were no transactions with related parties.

## 8 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary CTT Charity payments made taxable profits in the year but no charge to corporation tax is expected due to the availability of tax losses brought forward, profit of £24,898 in 2023 (2022:£25,283).

## 9 Tangible fixed assets

The group and Charity	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>			
At the start of the year	51,302	187,141	238,443
Additions in year	–	–	–
At the end of the year	<b>51,302</b>	<b>187,141</b>	<b>238,443</b>
<b>Depreciation</b>			
At the start of the year	50,584	154,398	204,982
Charge for the year	718	32,743	33,461
At the end of the year	<b>51,302</b>	<b>187,141</b>	<b>238,443</b>
<b>Net book value</b>			
At the end of the year	–	–	–
At the start of the year	<b>718</b>	<b>32,743</b>	<b>33,461</b>

## 10 Subsidiary undertakings

The charitable company owns the whole of the issued ordinary share capital of CTT Charity Payments Limited, a company registered in England (4222881). The subsidiary is used for additional primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities.

	2023 £	2022 £
Turnover	163,640	163,277
Cost of sales	(89,120)	(85,029)
Gross profit	74,520	78,248
Administrative and direct expenses	(18,099)	(19,933)
Costs fairly apportioned from the parent charity	(33,072)	(33,072)
Operating profit	23,349	25,243
Interest receivable	1,551	40
Profit for the financial year	24,900	25,283
The aggregate of the assets, liabilities and funds was:		
Assets	196,581	339,794
Liabilities	(498,619)	(667,730)
Deficit in funds	(302,038)	(327,936)

## 11 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2023 £	2022 £
Gross income	2,035,196	2,130,364
Result for the year	(359,360)	116

## 12 Debtors

	The group 2023 £	2022 £	The charity 2023 £	2022 £
Trade debtors	200,156	133,867	166,682	95,583
Other debtors	11,505	10,755	11,505	10,755
Prepayments and accrued income	80,323	40,967	74,038	38,122
Balance with subsidiaries	–	–	384,539	380,108
	291,984	185,589	636,764	524,568

### 13 Creditors: amounts falling due within one year

	The group		The charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	125,602	109,674	122,084	107,718
Taxation and social security	99,403	132,108	71,112	109,239
Other creditors	67,111	253,453	9,550	12,469
Accruals	128,471	147,057	120,094	125,243
Deferred income (note 14)	210,214	325,384	225,252	325,384
	<b>630,801</b>	<b>967,676</b>	<b>548,092</b>	<b>680,053</b>

### 14 Deferred income

Deferred income comprises unexpired elements of invoiced contract bundles for email marketing unused by clients at year end, billed but not delivered work undertaken on the Charity Digital News platform and deferred balances from grants received where performance specified under the donation is not completed.

	The group		The charity	
	2023	2022	2023	2022
	£	£	£	£
Balance at the beginning of the year	325,384	191,247	325,384	191,247
Amount released to income in the year	(974,253)	(663,466)	(974,253)	(663,466)
Amount deferred in the year	859,083	797,603	859,083	797,603
	<b>210,214</b>	<b>325,384</b>	<b>210,214</b>	<b>325,384</b>

### 15 Creditors: amounts falling due after one year

	The group		The charity	
	2023	2022	2023	2022
	£	£	£	£
Other liabilities	–	–	447,446	447,446
	<b>–</b>	<b>–</b>	<b>447,446</b>	<b>447,446</b>

### 16 Analysis of group net assets between funds (current year)

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	–	–	–
Net current assets	514,432	95,456	609,888
Long term liabilities	–	–	–
<b>Net assets at 31 March 2023</b>	<b>514,432</b>	<b>95,456</b>	<b>609,888</b>

**17 Analysis of group net assets between funds (prior year)**

	General unrestricted £	Restricted funds £	Total funds £
Tangible fixed assets	33,461	–	33,461
Net current assets	830,928	79,961	910,889
Long term liabilities	–	–	–
<b>Net assets at 31 March 2022</b>	<b>864,389</b>	<b>79,961</b>	<b>944,350</b>

**18 Movements in funds (current year)**

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	At 31 March 2023 £
<b>Restricted funds:</b>				
Heritage Digital	5,028	124,900	(129,928)	–
Tides Foundation	68,484	86,282	(59,309)	<b>95,457</b>
TS Foundation	4,551	–	(4,551)	–
Code of practice	1,899	–	(1,899)	–
<b>Total restricted funds</b>	<b>79,962</b>	<b>211,182</b>	<b>(195,687)</b>	<b>95,457</b>
<b>General funds</b>	<b>864,388</b>	<b>1,989,202</b>	<b>(2,339,159)</b>	<b>514,431</b>
<b>Total funds</b>	<b>944,350</b>	<b>2,200,384</b>	<b>(2,534,846)</b>	<b>609,888</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

**19 Movements in funds (prior year)**

	At 31 March 2021 £	Income & gains £	Expenditure & losses £	At 31 March 2022 £
<b>Restricted funds:</b>				
Heritage Digital	–	180,088	(175,060)	5,028
Tides Foundation	–	74,404	(5,920)	68,484
TS Foundation	–	20,957	(16,406)	4,551
Code of practice	–	9,399	(7,500)	1,899
OCS	4,500	–	(4,500)	–
<b>Total restricted funds</b>	<b>4,500</b>	<b>284,848</b>	<b>(209,386)</b>	<b>79,962</b>
<b>General funds</b>	<b>914,448</b>	<b>1,975,764</b>	<b>(2,025,824)</b>	<b>864,388</b>
<b>Total funds</b>	<b>918,948</b>	<b>2,260,612</b>	<b>(2,235,210)</b>	<b>944,350</b>



## Purposes of restricted funds

### Heritage Digital

Heritage Digital Academy is a programme managed by Charity Digital which seeks to support organisations in the Heritage sector in developing new practices around the use of digital tools and services.

### Tides Foundation

Charity Digital has been awarded funding to deliver a programme entitled 'Accelerating Digital Strategy'. This will support a cohort of not for profits over a 12 month period and will be primarily delivered in the following financial year.

## 20 Reconciliation of net income to net cash flow from operating activities

	2023	2022
	£	£
Net income for the reporting period (as per the statement of financial activities)	(334,462)	25,401
Depreciation charges	33,461	36,480
Decrease (Increase) in debtors	(106,395)	(63,783)
Increase in creditors	(336,874)	269,671
Net cash provided by operating activities	<u>(744,270)</u>	<u>267,769</u>

## 21 Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2023	2022	2023	2022
	£	£	£	£
Less than one year	<u>51,450</u>	<u>89,400</u>	<u>-</u>	<u>-</u>

## 22 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.