

**The  
Incorporated  
Catholic  
Truth  
Society**

**Annual Report and Financial  
Statements**

31 December 2020

Company Limited by Guarantee  
Registration Number  
00057374 (England and Wales)

Charity Registration Number  
218951

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## Reference and administrative details

<b>Trustee management board</b>	Rt Rev. P Hendricks (Chairman) Rev. David Elliott (appointed 21 January 2020) Mrs C A Gates Mrs K Nash Dr W O'Neill Mr L Parsons QC Rev. Dr A Pinsent
<b>CEO, Publisher and Company Secretary</b>	Mr Pierpaolo Finaldi
<b>Registered office</b>	40-46 Harleyford Road Vauxhall London SE11 5AY
<b>Company registration number</b>	00057374 (England and Wales)
<b>Charity registration number</b>	218951
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Principal bankers</b>	The Royal Bank of Scotland plc 24 Grosvenor Place London SW1X 7HN
<b>Solicitors</b>	Fox Williams LLP, Solicitors 10 Finsbury Square London EC2A 1AF

The trustees present their report together with the financial statements of The Incorporated Catholic Truth Society (the 'Society', 'Charity' or 'CTS') for the year ended 31 December 2020.

The report has been prepared in accordance with the Charities Act 2011 and constitutes a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies on pages 23 to 27 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of 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 United Kingdom and Republic of Ireland (FRS 102).

### **Our mission, aims and activities**

#### ***Our mission***

The Mission of the Society is to carry out its apostolate of Catholic publishing and distribution for the benefit of the Catholic and wider Christian community, and of a wider body of general enquirers. The Mission of the Society is also to disseminate Catholic publications at reasonable prices. The Society receives financial and spiritual support from the Catholic community to carry out its work. In pursuit of its charitable aims during 2020, the Society sought to develop its publications, to distribute them widely and actively to contribute to the life of the Church. The Society made efforts to care for its resources, including staff, suppliers, customers and supporters.

#### ***Our objectives***

The Charity's main objects, as set out in its Memorandum and Articles of Association are:

- ◆ to spread information about Catholic truth and to make better known the faith, practice and history of the Catholic Church.
- ◆ to assist the uneducated poor and others to a better knowledge of the Catholic religion, and with that object, and generally, to promote the circulation of and to disseminate books and publications inculcating and advancing Catholic truth and teaching.
- ◆ To promote information on religious, historical and controversial subjects by conference, public and private meetings, lectures, discussions, books, correspondence with public bodies and individuals or otherwise.

## **Our mission, aims and activities (continued)**

### ***Activities and relevant policies***

These objects are achieved through the principal activity of the Society, which is the publishing and disseminating of low-priced doctrinal, scriptural and educational works, assisting all Catholics to a better knowledge of their religion, spreading amongst non-Catholics information about the faith, and assisting the circulation of Catholic books and other audio, audio visual and electronic media.

Each of these activities has the principal aim of spreading knowledge of the Christian faith as widely as is possible within the United Kingdom, and increasingly to other English speaking constituencies as well. They serve the practising Catholic community, parishes, families, colleges and schools, as well as the wider groupings of general enquirers of other faiths and none. Such materials as these raise interest in the Catholic faith, the Society's apostolate and gain new supporters, enabling the Society to continue its charitable work.

In setting the Society's objectives and planning its activities, the trustees have given consideration to the Charity Commission's guidance on public benefit.

## **Achievements and performance**

### ***Publishing***

2020 was a very busy year for CTS's activity as Publisher to the Holy See and included Pope Francis's third Encyclical 'Fratelli Tutti' and the Holy Father's Post Synodal Apostolic Exhortation, 'Querida Amazonia' among other documents.

CTS was also entrusted for the first time in a generation with the task of producing the official translation of the 'Directory for Catechesis' on behalf of the Vatican. This was done very quickly and accurately and the translation has gone on to be used in the USA, Australia, Philippines and Nigeria.

Due to the pandemic, CTS's publishing activities had to be adapted through the year in response to the changing situation and needs of its benefactors

A new paperback format has been developed for publications that will be more attractive to online trade and individual purchasers to respond to the requirements of a post-covid business model 2020 began with much anticipation for the 'Year of the Word: A God Who Speaks' announced by the Bishops Conference of England and Wales to coincide with the 800th anniversary of the death of St Jerome and run for most of 2020. Dom Henry Wansbrough's 'A Year with the Bible' was followed by a very accessible leaflet on the Year of the Word and Pope Francis's Apostolic letter 'Scripturae Sacrae Affectus'. However, many events relating to the Year of the Word were curtailed or cancelled, and therefore so was the publishing schedule designed to accompany it.

Several titles were produced for children preparing for First Holy Communion and young people of Confirmation age. These included a timely title on the Church year for children which included activities to be done in the family, something which came into its own during lockdown as families looked for ways to continue the practice of their faith without the usual support of their parish or Catholic school.

## **Achievements and performance** (continued)

### ***Publishing*** (continued)

The Charity produced a new title on the relationship between faith and mental health, which was especially relevant to people struggling with the effects of lockdown and the pandemic more generally on their sense of wellbeing. It also commissioned a text for publication in early 2021 on understanding from the perspective of faith.

CTS provided materials, suggestions and instructions for home liturgies and devotions to be practised in the family throughout the year. Many resources were provided for free through our website, and promoted on social media, to help the Catholic community remain in touch with the practise of the faith during the pandemic.

In 2020 CTS sold and distributed over 128,000 publications.

CTS has renewed its activities in the USA through a partnership with the Augustine Institute and plans to build on this in future.

### ***Organisation***

CTS was able to transition to remote working in March 2020 with minimal disruption in service to customers and parishes. Essential staff were able to continue working in a Covid Secure environment and the office in Vauxhall is ready to welcome back staff when regulations allow.

### ***Fundraising***

In response to the impact restrictions on public worship, and the fact that many were unable to return to church in person due to the need to shield themselves from any possible exposure, or because they were caring for a vulnerable person, CTS provided over 3,000 copies of the 2021 Sunday Missal at cost price so that the Sunday readings could be followed during Masses streaming online or in the course of private or family prayer and reflection.

For the first time, the Charity successfully raised funds exclusively via social media for a project to provide prisoners with the CTS calendar for 2021. This will be repeated in the future for suitable project-based fundraising.

CTS received £102,866 (2019 – £314,674) in voluntary income including several small legacies. The Advent Appeal was monitored in detail and provided a return on investment (ROI) on the higher end of what is expected for Direct Mail campaigns.

### ***Coronavirus pandemic***

The global pandemic presented key opportunities in the Charity's central apostolate. Many individuals purchased directly from CTS in the absence of the ability to purchase materials from their parishes, which meant sales to individuals have increased. CTS books have been of great value to people in maintaining their devotional and liturgical life in lockdown, and the charity sought to further support its benefactors with several new publications specifically addressing the challenges of the global pandemic. Social media has also proved vital to maintaining the faith in this time and CTS has seen significantly higher engagements with its social media output.

## **Achievements and performance** (continued)

### ***Coronavirus pandemic*** (continued)

CTS has shifted its editorial and production capacity to longer term projects and invested time conserving its cash reserves by delaying new publications and reprints. The Charity has concentrated on maintaining cashflow by improving credit control and concentrating efforts on filing prompt claims for Gift Aid and VAT; staffing needs have been kept under review in the light of the Government's Coronavirus Job Retention Scheme. The Charity is in a good position regarding liquidity, but in the light of the current pandemic-related slump, the Charity's cash reserves will be monitored closely.

As for virtually all organisations in the UK, this single greatest impact on the mission and financial performance of CTS in 2020 was the COVID-19 pandemic, particularly the restrictive measures introduced by the government to contain and mitigate its effects. Following a positive beginning to the first quarter of the year, CTS felt the effects of lockdown and other control measures as soon as they were implemented.

Internally, CTS was well prepared to move to remote working for all employees without any interruption to all its services. Sales and distribution operations have continued seamlessly and a number of urgent publications have been produced under lockdown.

The COVID-19 crisis has had a significant negative effect on trade sales due to the closure of bookshops, of book distributors and the downgrading of book sales by online retailers such as Amazon. Whilst many publishers experienced notable surges in online sales during the first lockdown, and whilst a segment of the charity's online distribution remained strong, overall sales were deeply impacted because of the centrality of the Catholic parishes in the UK to CTS's mission.

In March, 2020 public communal worship was suppressed in the UK and throughout much of the world for the first time in living memory, indeed for the first time since CTS was founded. This meant that for a period of time Catholic parishes were essentially closed and, following that, open only for private prayer with strict limitations on the number of people permitted and how they could use the space. The Society has traditionally distributed many of its publications through sales racks in Catholic parishes, which are stocked with CTS books, leaflets, and prayer cards by the parishes, giving Catholic parishioners and any other visitors to the parishes easy access to the resources the charity publishes. However, when the parishes reopened for private prayer, and later for public communal worship, at the specific instruction of the Catholic Bishops of England and Wales, parishes were advised to remove CTS sales racks or remove the publications from them. This was done in order to reduce transmission of COVID-19 as it was considered difficult or impossible to ensure that browsed items could be identified and sanitised. This meant that after lockdown began CTS sales from parish racks dropped by 100%, and due to continuing restrictions, did not recover.

## **Achievements and performance (continued)**

### ***Coronavirus pandemic*** (continued)

In addition to ordering for the sales racks, Catholic parishes are key benefactors of the Charity in that they will often purchase resources in bulk for parish activities, particularly catechesis and sacramental formation (i.e. Confirmation and the Rite of Christian Initiation of Adults). During lockdown most parishes halted all of these activities, which meant that they did not need the resources to run them. This resulted in significant drops in the sales of some key CTS publications, particularly in our *YouCat* and *Evangelium* lines, and also in products related to parish-based sacramental formation and initiation, such as certificates and items purchased as gifts for the newly baptised, first holy communicants, and confirmandi. The Charity anticipates that these sales will recover strongly as parishes catch up on the sacramental initiation that was paused during lockdown and recommence their regular schedules, but the effect in 2020 on parish restrictions was on the whole unavoidably negative.

The trustees acknowledge that there will be challenges that lie ahead as a result of the pandemic. However, they believe that the Charity will be able to withstand these from a financial perspective and hence that it is appropriate for the Charity to prepare its financial statements on a going concern basis.

## **Financial report for the year**

### ***Results for the year***

Total income for the year amounted to £858,633 (2019 – £1,449,567). Publishing sales during 2020 amounted to £733,556 (2019 – £1,124,995). Also included within income are legacies receivable amounting to £23,890 (2019 – £221,597); included in the 2019 figure was one large legacy of £137,649. Total income from donations and legacies for the year was £102,866 (2019 – £314,674).

Total expenditure amounted to £1,024,038 (2019 – £1,357,834). Expenditure for 2019 included a number of one-off restructuring costs including staff restructuring costs, which amounted to £15,258.

The deficit for the year, before actuarial movements on the defined benefit pension scheme liability, was £165,405 (2019 – a surplus of £91,733).

### ***Reserves policy***

An important feature of the Society's work and charitable aims is that in pursuing its religious publishing, distribution and retailing it must engage directly in trading activities, which involve not insignificant elements of risk. The Society uses what trading income and non-trading income it receives to further its charitable activities.



## **Financial report for the year** (continued)

### ***Reserves policy*** (continued)

Planning permission for the latest redevelopment plans for St Anne's Settlement has been submitted and vacant possession is required in Q2 of 2022. CTS will relocate in January 2022 with an option in place for CTS to return to the building when it has been completed. Designated funds for this relocation of £75,000 (2019 – £150,000) have been set aside for this purpose.

The Society's reserves policy aims to strike a balance between having sufficient funds to pursue vigorously its charitable objective of publishing and distributing good Catholic resources on the one hand, and the need to maintain some kind of provision against unforeseen misfortune, on the other. The trustees are of the opinion that the size of such a buffer should be approximately equal to at least three months' unrestricted cash expenditure.

### ***Financial position***

The balance sheet shows total funds of £386,750 (2019 – £805,155).

Funds restricted to specific purposes amounted to £16,819 (2019 – £17,282).

Funds totalling £75,000 (2019 – £300,000) have been designated, or set aside, by the trustees for specific purposes. These purposes and an analysis of the movements on the funds are set out in note 14 to the financial statements.

General funds of the Charity at 31 December 2020 were £835,931 (2019 – £859,873). Offset against general funds is a pension reserve of £541,000 (2019 – £372,000). At 31 December 2020 the Charity had 'free reserves' of £819,393 (2019 – £825,773) being the unrestricted general funds after deducting the net book value of tangible fixed assets i.e. £16,538 (2019 – £34,100).

The level of free reserves meets the desired buffer as described in the reserves policy above. However, the trustees will remain vigilant, especially during the current crisis, managing cash flow, reserves and expenditure on print and other capital projects to mitigate the impact of the reduction in orders.

### ***Plans for the future***

The Bishops Conference of England and Wales has officially announced the appointment of the CTS as publishers of the Revised Lectionary that is planned for 2022. This is an even larger project than the 2011 Missal and is an exciting challenge for the Society and its staff. This will involve CTS in considerable preparatory work and investment of time in 2021, but presents a great opportunity to provide significant volumes of high quality new publications to the Catholic community in England and Wales. The new lectionary will affect a significant proportion of the CTS's backlist and in the interim reprint decisions will have to be made with caution.

### **Plans for the future** (continued)

CTS is also working on a substantial series related to the new Directory for Catechesis comprising subject-specific guides for use by lay catechists, parish priests, parents, and Catholic school teachers involved in sacramental preparation, faith formation, or any other species of catechesis. It will include many topics of broad interest and relevance, including the role of social media and digital resources in catechesis and passing on the Catholic faith in family life, as well as topics of more specific concern, such as First Holy Communion catechesis. This series is being developed and written in collaboration with the Franciscan University Catechetical Institute (Steubenville) and Our Sunday Visitor. We anticipate publication beginning in 2021 and continuing through 2022 or 2023.

### **Coronavirus**

Remote working has been undertaken across the board at CTS as wellbeing and health of all staff has been the Society's highest priority. The IT systems have been adapted to this new way of working and have settled into a reliable and stable system. Future upgrades are planned in 2021 to maintain seamless remote working, data security and reliable connections.

The pandemic has been an opportunity to further rationalise supplier contracts and make cost-savings based on new ways of working.

Direct sales have been an increasingly important sales channel this year. This has meant significant investment of time and effort into our Social Media output and our website. The number of Social media engagements has grown significantly through the year as has our email list. All publications are now available to preview on our website and we have undertaken a full review of our ebook offerings to ensure that all files are up to date and being offered across the major platforms.

## **Governance, structure and management**

### **Governance**

The company, which is limited by guarantee (Company Registration No. 00057374 (England and Wales) ), is registered for charitable purposes with the Charity Commission (Charity Registration No. 218951).

The trustees are the directors of the Society for the purposes of company law.

The Trustee Management Board is currently made up of the Chairman and six members and meets quarterly to review the activities of the Society; the meetings were also attended by the CEO and Publisher. The trustees review up to date management accounts and business plans. They regularly receive a management report from the CEO and Publisher on progress in key areas of the Society's apostolate, principally publishing, distribution, fundraising, and (whilst it was open) the retail bookshop. Progress is monitored against an annual plan containing key objectives, activities and targets. The trustees periodically review staffing, training, the Society's risk register, pension provisions and liabilities, as well as major strategic projects requiring significant investment or otherwise central to the apostolate.

## **Governance, structure and management** (continued)

### **Governance** (continued)

A sub-committee reviews salary proposals made by the CEO and Publisher each year. The process is informed by the Society's own salary review policy, performance management process and comparative data from the voluntary and private sectors.

Each trustee has responsibility for monitoring the Charity's activities in specific areas and the skills mix of the members is reviewed regularly to ensure that the trustees have all the necessary skills and experience required to support the management team and the Charity's best development.

New trustees are appointed by the existing Trustees after a formal recruitment process, supplemented by consultation with their advisers and the Catholic community. Thereafter, a candidate is invited to attend up to two Trustees' meetings to gain knowledge of the Society's work and the level of commitment and expertise it requires. Following this, the Trustees may confirm the appointment, which is initially for a term of three years. Members may be reappointed for further terms. Trustees bring their own considerable professional experience and relevant skill sets for the benefit of the Society. Information on trustee responsibilities, made available for example by the Charity Commission, is circulated from time to time to the trustees.

The following trustees were in office during the year ended 31 December 2020:

<b>Trustee</b>	<b>Appointed/ Resigned</b>
Rt Rev. Paul Hendricks (Chairman)	Appointed 21 January 2020
Rev. David Elliott	
Mrs Carrie Ann Gates	
Mrs Kate Nash	
Dr William O'Neill	
Mr Luke Parsons QC	
Rev. Dr Andrew Pinsent	

### **Company secretary**

Mr Pierpaolo Finaldi

No trustee received any remuneration in respect of their services as a trustee during the year (2019 – £nil). Three trustees received reimbursement of out-of-pocket expenses which amounted to £83 (2019 – £2,436 to two trustees). One trustee received commission of £1,200 (2019 – £nil) in respect of books written for CTS prior to becoming a trustee.

No trustee had any beneficial interest in any contract with the Charity during the year.

Brief biographical details of each of the trustees who served during the year are given below.

## **Governance, structure and management** (continued)

### **Governance** (continued)

**Rt Rev. Paul Hendricks** (Chairman), MA (Oxon), PhL; is a Roman Catholic Bishop, a former Seminary Bursar, and former Parish Priest with several years' experience of overseeing parish finances.

**Rev. David Elliott** is a priest of the Ordinariate of Our Lady of Walsingham, Priest for the Reading Ordinariate Mission and the Head of Theology at The Oratory School.

**Carrie Ann Gates** (Treasurer), is a finance manager specialising in insurance accounting with many years' experience in financial and management controls, planning and reporting. She is very active in a local Catholic parish and an enthusiastic member of Girlguiding as a multi-sectional leader and division commissioner.

**Kate Nash** is experienced in market research, marketing and public relations. She was formerly head of marketing and communications for a dot com; a co-director of an innovative marketing and publicity company for UK publishers; and a published novelist. In 2009 she founded the Kate Nash Literary Agency which represents the careers of bestselling authors as well as new talent.

**Dr William O'Neill** was educated in Manchester and Loughborough. He is a graduate of a number of Universities and has a PhD in Software Engineering. He has worked for large multinationals, public and charity sectors leading IT and business change programmes, most recently as Chief Technology Officer for the National Childbirth Trust.

**Luke Parsons QC** is a barrister specialising in Commercial Law.

**Rev. Andrew Pinsent** is a Research Fellow of Harris Manchester College, Research Director of the Ian Ramsey Centre for Science and Religion at Oxford University. A philosopher, theologian, priest, former businessman and former high energy physicist at CERN, he is a contributor via the media and his work in schools to public engagement with science, faith and the big questions of life.

### ***Trustees' responsibilities statement***

The Charity's trustees (who are also directors for the purposes of company law) is responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period.

In preparing these financial statements, the trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;

**Governance, structure and management** (continued)

***Trustees' responsibilities statement*** (continued)

- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing the accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 Charity will continue in operation.

The trustees are responsible for keeping proper 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as they are aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- ◆ The trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

***Liability of the members***

The liability of the members is limited by guarantee. In the event of the company being wound up during the period of membership or within the year following, members are each required to contribute an amount not exceeding £1.

***Organisational structure***

The CEO and Publisher has responsibility for the day to day management of the Society's business and reports to the trustees formally every quarter.

## **Governance, structure and management (continued)**

### ***Key management personnel***

The Society's staff operate in dedicated teams responsible across the principal functions of the Society's apostolate; they meet regularly with their managers to ensure that key targets and objectives are being met.

The trustees monitor the Charity's activities in operational areas and constant regard is had to the skills mix to ensure that the trustees have all the necessary skills required to contribute to the Charity's development.

The key management personnel of the Society, responsible for directing and controlling, running and operating the Charity on a day to day basis, comprise the trustees together with the CEO and Publisher. The Trustees do not receive remuneration for their services as trustees.

The trustees set the remuneration of and determine any annual salary awards for the CEO and Publisher. Reference is made to remuneration for similar roles in the charity and private sectors, the level of responsibilities and skills attaching to the role, and the role itself in relation to other similar and different roles within the organisation. Regard may also be had to the annual job role performance review and to the particular standards, expectations and outcomes for the role. Finally, the overall financial performance of the Society is also considered in setting remuneration.

### ***Employees***

The Incorporated Catholic Truth Society strives to be an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees are given equal opportunity and, where appropriate and possible, special training to enable them to progress both within and outside the organisation. The Incorporated Catholic Truth Society is committed to a programme of action to make this policy effective and brings it to the attention of all employees.

### ***Volunteers***

Over 500 volunteers manage CTS parish racks in parishes and other locations up and down the country, introducing enquirers and parishioners to material to support and nurture their faith. It is impossible to quantify the value and the full impact of this support, not only in parishes but also in schools. A lively and active parish bookrack can become a unique support to parish priests and pastoral workers in their outreach programs. We are always grateful to that small number of volunteers who help us on an ad hoc basis at various times in the year at our offices or warehouse on small but important projects and support.

**Governance, structure and management** (continued)

***Risk management***

The trustees continue to assess the major risks to which the Charity is exposed, in particular those relating to the specific operational areas and finances.

The current areas under review are:

- ◆ Financial position – The trustees are aware of the need to remain vigilant and continue the work of the strategic plan in 2021 to reduce costs and increase sales revenue, as described above.
- ◆ Structure of the Charity – The trustees will monitor the new organisational structure to ensure that it delivers the budgeted cost savings as the impact of the Coronavirus pandemic recedes.
- ◆ Head office relocation – The trustees and the CEO and Publisher will work with St Anne's Settlement, the Society's landlord, and Notting Hill Genesis, the Settlement's development partner, to ensure a smooth and cost efficient temporary relocation.
- ◆ Coronavirus pandemic – The Audit and Finance Sub-committee monitor the impact of the pandemic at bi-monthly meetings and carry out re-forecasting on a rolling basis, as and when required.

The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems and that where necessary they are adapted or strengthened, and by examining the operational and business risks faced by the Charity, they have established effective systems to mitigate those risks.

Signed on behalf of the trustees:

*Carrie Ann Gates*

Trustee

Approved on: 9th August 2021

**Independent auditor's report to the members of The Incorporated Catholic Truth Society**

**Opinion**

We have audited the financial statements of The Incorporated Catholic Truth Society (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of 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's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of 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 financial statements are authorised for issue.

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

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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.

### **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' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, 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 charitable company 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

- ◆ 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 in respect to the remuneration of trustees specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit

**Trustees' responsibilities**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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:

**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ 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 obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice Accounting and Reporting by Charities preparing this accounts in accordance with the Financial reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and the Companies Act 2006), those that relate to data protection (General Data Protection Regulation) and those in relation to copyright, specifically the Copyright, Designs and Patents Act 1988, as amended by the Copyright and Related Rights Regulations 2003.

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

- ◆ making enquiries of management as to 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; and
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether the judgements and the assumptions made in determining accounting estimates for the probability of receipt of legacies, the provision for slow moving stock, the provision for bad and doubtful debts, and the actuarial valuation of the defined benefit pension scheme liability were indicative of potential bias.

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

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

**Auditor's responsibilities for the audit of the financial statements** (continued)

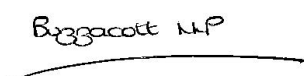
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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.

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

**Use of this 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 charitable company's trustees those matters that 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's and the company's trustees as a body, for our audit work, or the opinions we have formed.

 Buzzacott LLP

Amanda Francis (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

27 August 2021

**Statement of financial activities** (including and income and expenditure account)  
Year to 31 December 2020

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>Income from:</b>							
Donations and legacies	1	102,154	712	<b>102,866</b>	313,549	1,125	314,674
Interest receivable		21,056	—	<b>21,056</b>	9,898	—	9,898
Charitable activities							
. Publication sales	2	733,556	—	<b>733,556</b>	1,124,995	—	1,124,995
Other sources:							
. Coronavirus Job Retention Scheme grants		1,155	—	<b>1,155</b>	—	—	—
<b>Total income</b>		<b>857,921</b>	<b>712</b>	<b>858,633</b>	<b>1,448,442</b>	<b>1,125</b>	<b>1,449,567</b>
<b>Expenditure on:</b>							
Raising funds	3	8,279	—	<b>8,279</b>	42,638	—	42,638
Charitable activities							
. Publication and dissemination of Catholic publications	4	1,014,584	1,175	<b>1,015,759</b>	1,315,196	—	1,315,196
<b>Total expenditure</b>		<b>1,022,863</b>	<b>1,175</b>	<b>1,024,038</b>	<b>1,357,834</b>	<b>—</b>	<b>1,357,834</b>
<b>Net (expenditure) income</b>		<b>(164,942)</b>	<b>(463)</b>	<b>(165,405)</b>	<b>90,608</b>	<b>1,125</b>	<b>91,733</b>
<b>Actuarial losses on defined benefit pension scheme</b>	17	<b>(253,000)</b>	<b>—</b>	<b>(253,000)</b>	<b>(244,000)</b>	<b>—</b>	<b>(244,000)</b>
<b>Net movement in funds</b>	6	<b>(417,942)</b>	<b>(463)</b>	<b>(418,405)</b>	<b>(153,392)</b>	<b>1,125</b>	<b>(152,267)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward at 1 January 2020		787,873	17,282	<b>805,155</b>	941,265	16,157	957,422
Total funds carried forward at 31 December 2020		<b>369,931</b>	<b>16,819</b>	<b>386,750</b>	<b>787,873</b>	<b>17,282</b>	<b>805,155</b>

There were no recognised gains and losses other than those set out in the statement of financial activities above.

**Statement of financial activities** (including and income and expenditure account)  
Year to 31 December 2020

**Analysis of continuing and discontinued operations**

On 11 October 2018, the trustees unanimously agreed that the activities of the Westminster retail shop would be terminated due to continuing losses and the lease renewal due in June 2019. The shop's activities represented a significant area of operations for the Charity as a whole and income and expenditure in respect to them ceased in July 2019. The table below provides an analysis of the financial results split between the Charity's continuing operations and discontinued operations during 2019 (which relate wholly to the Westminster retail shop). Income and expenditure in respect to the discontinued operations were wholly unrestricted. All of the Charity's activities during the year ended 31 December 2020 derived from continuing operations.

	2020			2019		
	Continuing £	Dis- continued £	Total £	Continuing £	Dis- continued £	Total £
Income	—	—	—	1,428,830	20,737	1,449,567
Expenditure	—	—	—	(1,345,181)	(12,653)	(1,357,834)
Net income for the year	—	—	—	83,649	8,084	(91,733)
Actuarial losses on defined benefit pension scheme	—	—	—	(244,000)	—	(244,000)
Net movement in funds	—	—	—	(160,351)	8,084	(152,267)

**Balance sheet** 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	9		<b>16,538</b>		34,100
<b>Current assets</b>					
Stocks	10	<b>143,853</b>		136,911	
Debtors	11	<b>86,346</b>		208,630	
Short term deposits		<b>869,575</b>		959,280	
Cash at bank and in hand		<b>9,214</b>		9,582	
		<b>1,108,988</b>		1,314,403	
<b>Creditors:</b> amounts falling due within one year	12	<b>(197,776)</b>		(171,348)	
<b>Net current assets</b>			<b>911,212</b>		1,143,055
<b>Total net assets excluding pension liability</b>			<b>927,750</b>		1,177,155
Pension liability	17		<b>(541,000)</b>		(372,000)
<b>Total net assets including pension liability</b>			<b>386,750</b>		805,155
<b>The funds of the Charity</b>					
Restricted funds	13		<b>16,819</b>		17,282
Unrestricted funds					
. Designated funds	14		<b>75,000</b>		300,000
. General funds		<b>835,931</b>		859,873	
. Pension reserve	17	<b>(541,000)</b>		(372,000)	
			<b>294,931</b>		487,873
			<b>386,750</b>		805,155

Approved by the trustees

and signed on their behalf by: *Carrie Ann Gates*

Trustee

Approved on: 9th August 2021

The Incorporated Catholic Truth Society

Company Registration Number: 00057374 (England and Wales)

## Statement of cash flows Year to 31 December 2020

	Notes	2020 £	2019 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(113,375)	(32,331)
<b>Cash flows from investing activities:</b>			
Interest received		21,056	9,898
Purchase of tangible fixed assets		(1,459)	(11,000)
<b>Net cash provided by (used in) investing activities</b>		<b>19,597</b>	<b>(1,102)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(93,778)</b>	<b>(33,433)</b>
<b>Cash and cash equivalents at 1 January 2020</b>	B	<b>968,862</b>	<b>1,002,295</b>
<b>Cash and cash equivalents at 31 December 2020</b>	B	<b>875,084</b>	<b>968,862</b>

### Notes to the statement of cash flows for the year to 31 December 2020.

#### A Reconciliation of net movement in funds to net cash used in operating activities

	2020 £	2019 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>(418,405)</b>	<b>(152,267)</b>
<b>Adjustments for:</b>		
Depreciation charge	19,021	16,814
Actuarial losses on pension scheme	253,000	244,000
Pension cost less contributions payable	(91,000)	(237,000)
Pension finance cost	7,000	7,000
Interest receivable	(21,056)	(9,898)
(Increase) decrease in stocks	(6,942)	142,592
Decrease in debtors	122,284	228,571
Increase (decrease) in creditors	22,723	(272,143)
<b>Net cash used in operating activities</b>	<b>(113,375)</b>	<b>(32,331)</b>

#### B Analysis of changes in net debt

	At 1 January	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	9,582	(368)	<b>9,214</b>
Short term deposits	959,280	(89,705)	<b>869,575</b>
Bank overdraft facility	—	(3,705)	<b>(3,705)</b>
	<b>968,862</b>	<b>(93,778)</b>	<b>875,084</b>



The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

**Basis of accounting**

These financial statements have been prepared for the year to 31 December 2020 with comparative information given in respect to the year ended 31 December 2019.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 (Charities FRS 102 SORP 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

**Critical accounting estimates and areas of judgement**

The most significant areas of adjustment and key assumptions that affect items in the financial statements are in respect to:

- ◆ assessing the probability of receiving legacies of which the Charity has been notified;
- ◆ estimating the useful economic life of tangible fixed assets for the purposes of determining the depreciation charge;
- ◆ assessing the appropriateness of any provision for slow moving or obsolete stock;
- ◆ assessing the appropriateness of any provision needed against doubtful and bad debts;
- ◆ assessing the appropriateness of the underlying assumptions of the actuarial valuation of the pension scheme; and
- ◆ estimating future income and expenditure flows for the purpose of assessing going concern.

With respect to the next reporting period, the actuarial valuation of the pension scheme, along with the future impact of the ongoing Coronavirus pandemic remain the most significant areas of uncertainty that may affect the carrying value of assets held by the Charity.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

The Coronavirus pandemic has had a significant negative effect on trade sales due to the closure of bookshops, of book distributors and the downgrading of book sales by online retailers such as Amazon. The other main sources of CTS sales, Catholic Parishes, have also been closed to the public, reducing sales very significantly. However, CTS has shifted its editorial and production capacity to longer term projects and invested time conserving its cash reserves by delaying new publications and reprints. The Charity has concentrated on maintaining cashflow by improving credit control and concentrating efforts on filing prompt claims for Gift Aid and VAT; staffing needs have been kept under review in the light of the Government's Coronavirus Job Retention Scheme. Additionally, CTS has increased the number of titles it offers through Amazon by 500% to take advantage of the increased internet searches for Catholic materials available for delivery. It has also reviewed its e-book offerings and resumed production of e-books across all platforms.

Reserves will be protected by simplifying the range of high cost items in the short term, and work will continue on projects which will see a return in the longer-term as the Catholic liturgical landscape evolves.

Therefore, the trustees are of the opinion that the Charity has planned carefully in order to meet its liabilities as they fall due and, whilst they acknowledge that there will be challenges ahead, they are of the opinion that the use of the going concern assumption in the preparation of these financial statements is appropriate.

### **Income recognition**

Income is recognised in the period in which the Charity is entitled to receipt, the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Income comprises donations, legacies, interest receivable, and income from the sale of publications.

Donations are recognised when the Charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance 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 those conditions will be fulfilled in the reporting period.

**Income recognition** (continued)

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the Charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Charity.

Entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. 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 of the asset having been transferred to the Charity.

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.

Income from publication sales is recognised when the significant risks and rewards of ownership have transferred to the buyer. This is usually at the point of sale. This includes sales of publications to schools and parishes who benefit from reduced prices.

Income from the Coronavirus Job Retention Scheme is credited to the statement of financial activities when the Charity is entitled to receive the funds and when the amount receivable can be quantified.

**Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the Charity. This includes staff costs and direct costs associated with generating donated income and an allocation of support costs.

**Expenditure recognition (continued)**

- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the Charity through the provision of its charitable activities. Such costs include staff costs, direct and support costs including governance costs.

**Allocation of support and governance costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Staff costs are allocated between expenditure on raising funds and expenditure on charitable activity based on the percentage of time spent on these activities by the employees of the Charity.

Support and governance costs are allocated to expenditure on charitable activities as it is considered that any apportionment to expenditure on raising funds would be immaterial.

**Tangible fixed assets**

All assets costing in excess of £500 and with an estimated useful life exceeding one year are capitalised in these financial statements.

Depreciation is provided at the following annual rates on a straight line basis in order to write off each asset over its estimated useful life:

- ◆ Computers and office equipment                      33⅓% on cost

**Stocks**

Stocks of books and pamphlets for resale are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stock.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Debtors have been discounted to the present value of the future cash receipt where such discounting is material.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

### **Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

### **Fund structure**

The general funds comprise those monies which may be used towards meeting the charitable objectives of the Charity and may be applied at the discretion of the trustees.

The pension reserve is the net liability on the Charity's defined benefit pension scheme.

The designated funds are monies set aside out of general funds for specific purposes by the trustees.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the lease term.

### **Pension costs**

Contributions to defined contribution pension schemes and to employees' personal pension plans are charged to the statement of financial activities in the year in which they are payable.

The Charity operates a defined benefit pension scheme which is closed to new members and no existing employees are members. The scheme is funded by contributions from the employer. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Actuarial gains and losses are recognised in the statement of financial activities as part of other recognised gains and losses for the period.

## 1 Income from: Donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Donations	78,264	712	78,976	91,952	1,125	93,077
Legacies	23,890	—	23,890	221,597	—	221,597
	<b>102,154</b>	<b>712</b>	<b>102,866</b>	<b>313,549</b>	<b>1,125</b>	<b>314,674</b>

## 2 Income from: Publication sales

The publication sales are attributable to two main areas:

- ♦ the publishing and/or distribution of pamphlets, books and other media; and
- ♦ the sale of books and religious articles via a retail shop, which closed in January 2019.

An analysis of publication sales for the year is given below:

	United Kingdom		Overseas		Total	
	2020 £	2019 £	2020 £	2019 £	2020 £	2019 £
Publishing	598,102	921,977	135,454	182,281	733,556	1,104,258
Retail shop	—	20,737	—	—	—	20,737
	<b>598,102</b>	<b>942,714</b>	<b>135,454</b>	<b>182,281</b>	<b>733,556</b>	<b>1,124,995</b>

## 3 Expenditure on: Raising funds

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Staff costs	2,585	—	2,585	29,655	—	29,655
Communications	5,694	—	5,694	12,779	—	12,779
Other costs	—	—	—	204	—	204
	<b>8,279</b>	<b>—</b>	<b>8,279</b>	<b>42,638</b>	<b>—</b>	<b>42,638</b>

**4 Expenditure on: Publication and dissemination of Catholic publications**

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
<b><i>Publishing</i></b>						
Cost of publication sales	275,427	—	275,427	364,922	—	364,922
Cost of despatch, shipping, and storage	117,732	—	117,732	168,792	—	168,792
Advertising and marketing costs	18,295	1,175	19,470	24,913	—	24,913
Staff and related costs	426,209	—	426,209	549,627	—	549,627
Premises costs	30,992	—	30,992	36,221	—	36,221
Communications	7,921	—	7,921	7,629	—	7,629
Computer costs	76,536	—	76,536	82,187	—	82,187
Depreciation	19,021	—	19,021	16,814	—	16,814
Banking and other costs	9,659	—	9,659	22,951	—	22,951
Professional fees	5,992	—	5,992	9,018	—	9,018
Auditor's remuneration	26,800	—	26,800	19,469	—	19,469
	<b>1,014,584</b>	<b>1,175</b>	<b>1,015,759</b>	<b>1,302,543</b>	<b>—</b>	<b>1,302,543</b>
<b><i>Operation of retail shop</i></b>						
Cost of retail shop sales	—	—	—	13,353	—	13,353
Cost of despatch, shipping, and storage	—	—	—	(145)	—	(145)
Premises costs	—	—	—	(1,879)	—	(1,879)
Communications	—	—	—	149	—	149
Computer costs	—	—	—	(140)	—	(140)
Banking and other costs	—	—	—	(67)	—	(67)
Professional fees	—	—	—	1,382	—	1,382
	<b>—</b>	<b>—</b>	<b>—</b>	<b>12,653</b>	<b>—</b>	<b>12,653</b>
	<b>1,014,584</b>	<b>1,175</b>	<b>1,015,759</b>	<b>1,315,196</b>	<b>—</b>	<b>1,315,196</b>

**5 Governance costs**

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Professional fees	5,992	—	5,992	9,018	—	9,018
Auditor's remuneration	26,800	—	26,800	19,469	—	19,469
	<b>32,792</b>	<b>—</b>	<b>32,792</b>	<b>28,487</b>	<b>—</b>	<b>28,487</b>

**6 Net movement in funds**

This is stated after charging:

	Total 2020 £	Total 2019 £
Staff costs (note 7a)	428,794	579,282
Auditor's remuneration		
· Current year audit fee	21,000	18,000
· Under (over) provision in prior period	3,100	(1,178)
· Pension scheme audit fee	2,700	2,647
Depreciation	19,021	16,814
Operating lease rentals	14,908	15,066

## 7a Employee and key management remuneration

	Total 2020 £	Total 2019 £
Staff costs during the year were as follows:		
Wages and salaries	353,290	467,256
Social security costs	23,746	39,767
Other pension costs	51,124	48,800
Redundancies	—	15,258
Other staff costs	634	8,201
	<b>428,794</b>	<b>579,282</b>
Staff costs per function were as follows:		
Costs of generating voluntary income	2,585	29,655
Publishing	426,209	548,627
Operation of a retail shop	—	—
	<b>428,794</b>	<b>579,282</b>

One employee earned between £60,000 and £70,000 (including taxable benefits but excluding employer's pension contributions) during the year (2019 – none).

Contributions of £4,235 (2019 – £nil) were made to the personal pension schemes of higher paid members of staff during the year.

The average number of employees, analysed by function, was:

	Average headcount	
	2020	2019
Fundraising	—	1
Publishing	11	12
	<b>11</b>	<b>13</b>

### **Key management personnel**

Key management personnel comprise the trustees and the CEO and Publisher. The total remuneration (including taxable benefits and employer's national insurance contributions) payable to key management personnel during the year was £99,512 (2019 – £113,510).

## 7b Trustees' remuneration

No trustee received any remuneration in respect of their services as a trustee during the year (2019 – £nil). Three trustees received reimbursement of out-of-pocket expenses which amounted to £83 (2019 – £2,436 to two trustees). One trustee received commission of £1,200 (2019 – £nil) in respect of books written for CTS prior to becoming a trustee.

## 8 Taxation

The Incorporated Catholic Truth Society is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.



## 9 Tangible fixed assets

	Computers and office equipment £
<b>Cost</b>	
At 1 January 2020	64,910
Additions	1,459
At 31 December 2020	66,369
<b>Depreciation</b>	
At 1 January 2020	30,810
Charge for year	19,021
At 31 December 2020	49,831
<b>Net book values</b>	
At 31 December 2020	16,538
At 31 December 2019	34,100

## 10 Stocks

	2020 £	2019 £
Publications for sale	143,853	136,911

## 11 Debtors

	2020 £	2019 £
Publication sales	39,647	65,878
Other debtors	17,564	38,893
Legacies receivable	11,100	83,927
Prepayments and other accrued income	18,035	19,932
	86,346	208,630

## 12 Creditors: amounts falling due within one year

	2020 £	2019 £
Expense creditors	62,413	30,627
Taxation and social security costs	6,058	6,870
Royalties	47,500	78,397
Other creditors	—	1,472
Accruals and deferred income	78,100	53,982
Bank overdraft	3,705	—
	197,776	171,348

**13 Restricted funds**

	At 1 January 2020 £	Income £	Expenditure £	Transfers £	At 31 December 2020 £
Prisoners' appeal	17,212	712	(1,175)	—	16,749
University fund appeal	70	—	—	—	70
Total restricted funds	17,282	712	(1,175)	—	16,819

	At 1 January 2019 £	Income £	Expenditure £	Transfers £	At 31 December 2019 £
Prisoners' appeal	16,157	1,055	—	—	17,212
University fund appeal	—	70	—	—	70
Total restricted funds	16,157	1,125	—	—	17,282

Since 2008, the Charity has on occasions made appeals to make some of its publications available to deserving or less fortunate groups. The Charity continues to consider such appeals desirable and helpful. Each year the Charity appeals for support to supply free CTS materials to Catholic University chaplaincies in the UK during freshers' week. An appeal was launched during 2015 to make available Catholic resources in prisons and completed during the year ended 31 December 2016. Any unspent balances on this fund may be transferred to general funds due to the inclusion of a clause enabling the Society to apply any amount raised over and above that which was needed for its general purposes.

**14 Designated funds**

	At 1 January 2020 £	New designations £	Utilised/ released £	At 31 December 2020 £
Relocation fund	150,000	—	(75,000)	75,000
Transformation fund	150,000	—	(150,000)	—
	300,000	—	(225,000)	75,000

	At 1 January 2019 £	New designations £	Utilised/ released £	At 31 December 2019 £
Relocation fund	250,000	—	(100,000)	150,000
Transformation fund	108,641	42,000	(641)	150,000
	358,641	42,000	(100,641)	300,000

The **Relocation Fund** represents funds set aside towards a possible relocation of the Charity's office premises.

The **Transformation Fund** has been put in place to allow the Charity to further improve its technology infrastructure and make working in new and more flexible ways more efficient and convenient in future.

## 15 Analysis of net assets (excluding pension liability) between funds

	General funds £	Designated funds £	Restricted funds £	Total 2020 £	General funds £	Designated funds £	Restricted funds £	Total 2019 £
<b>Fund balances at 31 December 2019 are represented by:</b>								
Tangible fixed assets	16,538	—	—	16,538	34,100	—	—	34,100
Net current assets	819,393	75,000	16,819	911,212	825,773	300,000	17,282	1,143,055
<b>Total net assets excluding pension liability</b>	<b>835,931</b>	<b>75,000</b>	<b>16,819</b>	<b>927,750</b>	<b>859,873</b>	<b>300,000</b>	<b>17,282</b>	<b>1,177,155</b>

## 16 Liability of members

The Charity is constituted as a company limited by guarantee. In the event of the Charity being wound up, members are each required to contribute an amount not exceeding £1.

## 17 Pension commitments

The Charity operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held independently from the Charity's finances. The contributions are determined on the basis of triennial valuations by a qualified actuary using the projected unit method.

The scheme's assets consist of a unitised with profits policy with Phoenix Life Group, an investment bond, annuity policies held in the name of the trustees and a bank account.

The value of the scheme's assets (excluding the value of annuity policies held in the name of the trustees) as at 31 December 2020 was £852,000 (2019 – £1,281,000).

The Charity's contributions to the scheme were £91,000 for the year (2019 – £237,000). The scheme is closed to new members and no existing employees are members.

### *Present values of scheme liabilities, fair value of assets and deficit*

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Fair value of scheme assets	852	1,281	1,032	844	1,284
Present value of scheme liabilities	(1,393)	(1,653)	(1,390)	(1,492)	(2,029)
Deficit in scheme	(541)	(372)	(358)	(648)	(745)

### *Movement in deficit during the year*

	2020 £'000	2019 £'000
Deficit at 1 January 2020	(372)	(358)
Contributions	91	237
Net loss on scheme	(7)	(7)
Actuarial losses	(253)	(244)
Deficit at 31 December 2020	(541)	(372)

## 17 Pension commitments (continued)

### *Reconciliation of opening and closing balances of the fair value of scheme assets*

	2020 £'000	2019 £'000
Fair value of assets at start of period	1,281	1,032
Expected return on scheme assets	22	33
Actuarial gains	(28)	15
Benefits paid	(514)	(36)
Contributions by the Society	91	237
Fair value of assets at end of period	852	1,281

### *Reconciliation of opening and closing balances of the present value of scheme liabilities*

	2020 £'000	2019 £'000
Present value of liabilities at start of period	1,653	1,390
Interest cost	29	40
Actuarial losses	225	259
Benefits paid	(514)	(36)
Present value of liabilities at end of period	1,393	1,653

The estimated value of the employer contributions for the year ending 31 December 2021 is £95,000 (2020 – £93,000).

### *Actuarial assumptions*

A full actuarial valuation was carried out at 30 June 2014 and updated to 31 December 2017 by a qualified independent actuary. The major assumptions used by the actuary were:

	2020	2019	2018	2017	2016
Discount rate	1.4%	2.10%	2.9%	2.50%	2.70%
Rate of increase in pensions in payment for pensionable service from 6 April 1997	3.6%	3.60%	3.7%	3.70%	3.70%
Inflation assumption (RPI)	2.9%	3.00%	3.2%	3.20%	3.40%

The mortality assumptions adopted at 31 December 2020 imply the following life expectancies in years:

	Current pensioners	Retiring in 20 years
Males	23.0	24.4
Females	24.9	26.4

## 17 Pension commitments (continued)

### *The assets in the scheme and the expected rate of return*

	Value at 31 December 2020 £'000	Value at 31 December 2019 £'000	Value at 31 December 2018 £'000
<b>Assets</b>			
Equities	102	103	91
Bonds	20	21	18
Unitised with profits	552	709	715
Cash	178	448	208
Total market value of assets	852	1,281	1,032
Actuarial value of liability	(1,393)	(1,653)	(1,390)
Deficit	(541)	(372)	(358)

No long term expected rate of return has been provided as for accounting periods beginning on or after 1 January 2015. The expected return and interest cost have been replaced with a single net interest cost.

### *Information in respect to statement of financial activities*

#### *Analysis of net return on pension scheme*

	2020 £'000	2019 £'000
Net interest cost and net return	(7)	(7)

#### *Amounts recognised as other gains and losses*

	2020 £'000	2019 £'000
Actual return less expected return on pension scheme assets	(28)	15
Change in financial and demographic assumptions underlying the scheme assets	(225)	(259)
Actuarial losses recognised	(253)	(244)

## 18 Related party transactions

Aside from the transactions disclosed in note 7b, one trustee made a donation of £5 to the charity in 2020 (2019 – none).

There were no other related party transactions requiring disclosure in the year (2019 – none).

## 19 Leasing commitments

### *Operating leases*

At 31 December 2020 the Charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Operating lease payments which expire:				
Within one year	<b>11,550</b>	11,500	<b>3,358</b>	3,773

The operating lease liabilities are subject to the terms of the agreements relating to the relevant land and buildings and other assets.