

**The  
Incorporated  
Catholic  
Truth  
Society**

**Annual Report and Financial  
Statements**

31 December 2021

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 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 2021.

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 20 to 24 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 2021, 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***

A total of 132,000 books and booklets were distributed by the Society to parishes and individual and trade customers alike (an increase of 8,500 on 2020). An additional 30,000 prayer books were distributed to prisoners via the chaplaincy services of England and Wales.

CTS issued seventeen new publications in 2021: four A6 booklets, four intermediate format books, two other books, two illustrated picture books, two new Vatican Documents, a People's Missal, a calendar and a 2,200 page Breviary for the Ordinariate.

Our Biography of Blessed Carlo Acutis, published in a new intermediate format was a great success and was reprinted twice. Our book on the pandemic through the eyes of the saints was well-received and a great example of the type of publication in which CTS has excelled over the years, viewing difficult current problems with the eyes of faith.

A course book to accompany the popular video series Sycamore was also published and presented to the Holy Father by the author Father Stephen Wang. It showcases CTS's high quality design and supports a resource which is introducing many people to the Catholic Faith in Parishes and University chaplaincies in the UK and abroad.

Perhaps the greatest impact was made with the Divine Worship Daily Office, a project on which we have been working for over 3 years together with an editorial team from the Ordinariate of Our Lady of Walsingham and with generous financial support from the Friends of the Ordinariate in the UK and Australia. The book is beautifully produced and bound in the very best Office Book tradition and an already extended print run sold out in less than a month.

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

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

Father Lawrence Lew's *Mysteries Made Visible* and the *O Antiphons* showed the kind of beauty and quality that CTS can produce to enrich the devotional lives of those we serve. In what is still a difficult market, our front list exceeded sales forecasts as did the backlist after a strong last quarter as Parishes re-opened (albeit with an Omicron variant wobble in December).

### ***Organisation***

Staffing levels remain stable with a single change in the accounts department. Skill levels in-house are very high and CTS, in conjunction with new IT partners Adept, was able to switch to a fully cloud-based system in Quarter 3 which allows for maximum flexibility for hybrid working and high security for data and backups. A new publishing data system (Stison) was introduced and has already been used for Onix feeds to Nielsen Book Data and for paying author royalties. Stison Project Management for Editorial and Print production will be introduced in 2023.

### ***Fundraising***

CTS received £157,809 (2020 – £102,866) in voluntary income including several small legacies. While there was a small decline in overall donations, the Society saw a significant increase in the number and amount of micro donations and top up donations applied at the basket stage of purchases on the website. Over 10% of transactions were topped up and this is an area which merits further investment. The Advent Appeal was completely administered in-house and provided a much improved return on investment (ROI) from an already good 2020 campaign.

### ***Coronavirus pandemic***

The Pandemic adversely affected sales especially to parishes for the first three quarters of 2021, a mixture of uncertainty over safe capacity and opening, together with a reduction in Sacramental preparation and the continued ban on CTS booklets in racks from the Bishops conference saw parish sales down significantly. In Quarter 4 CTS was able to communicate to Parishes that book racks could once again be filled and parishes began to order in bulk again for sacramental preparation. This continued until December when the uncertainty surrounding the Omicron variant of the Coronavirus saw sales drop slightly on what would be expected.

## **Financial report for the year**

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

Total income for the year amounted to £1,021,443 (2020 – £858,633). Publishing sales during 2021 amounted to £855,754 (2020 – £733,556). Also included within income are legacies receivable amounting to £77,865 (2020 – £23,890). Total income from donations and legacies for the year was £157,809 (2020 – £102,866).

Total expenditure amounted to £945,066 (2020 – £1,022,863). The surplus for the year, before actuarial movements on the defined benefit pension scheme liability, was £76,377 (2020 – a deficit of £165,405).

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

### ***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.

Planning permission for the latest redevelopment plans for St Anne's Settlement has been submitted but delays with the Planning Department of Lambeth Council mean vacant possession will not be required until at least Quarter 2 of 2023. CTS will look to relocate in good time with an option in place for CTS to return to the building at St Anne's when it has been completed. Designated funds for this relocation of £75,000 (2020 – £75,000) 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 £718,127 (2020 – £386,750).

Funds restricted to specific purposes amounted to £16,057 (2020 – £16,819).

Funds totalling £75,000 (2020 – £75,000) 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 2021 were £823,070 (2020 – £835,931). Offset against general funds is a pension reserve of £196,000 (2020 – £541,000). At 31 December 2021 the Charity had 'free reserves' of £807,068 (2020 – £819,393) being the unrestricted general funds after deducting the net book value of tangible fixed assets i.e. £16,002 (2020 – £16,538).

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 officially announced the appointment of CTS as publishers of the Revised Lectionary in early 2021 and work has begun in earnest on the project with a provisional completion date of Advent 2023.

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

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 2022/23, but presents a great opportunity to provide significant volumes of high quality new publications to the Catholic community in England and Wales and Scotland. The new lectionary affects a significant proportion of the CTS's backlist and, in the interim, it will be necessary to run down related titles until the new text is available.

CTS will be involved in the effort to prepare Parishes to welcome the new text including the training of Lectors and readers, and will be working with the relevant departments of the Bishops' Conferences of England and Wales and Scotland to prepare resources.

CTS Audio will be launched in 2022 with resources available free and also for payment on platforms such as audible. Multiple channels will be used to produce audio materials and to distribute them as widely as possible in a format which is increasing in popularity.

### **Coronavirus**

CTS will continue to offer a hybrid working environment to all staff and has provided hardware to staff and a system which is designed to work seamlessly between home and office.

Direct sales have been an increasingly important sales channel this year and CTS's offering on Amazon will increase to include the majority of the list in 2022.

## **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 are 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 and fundraising. 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.

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.



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

### **Governance** (continued)

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 2021:

#### **Trustee**

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Rt Rev. Paul Hendricks (Chairman)  
Rev. David Elliott  
Mrs Carrie Ann Gates  
Mrs Kate Nash  
Dr William O'Neill  
Mr Luke Parsons QC  
Rev. Dr Andrew Pinsent

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#### **Company secretary**

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Mr Pierpaolo Finaldi

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No trustee received any remuneration in respect of their services as a trustee during the year (2020 – £nil). No trustees received reimbursement of out-of-pocket expenses (2020 – £83 was received by three trustees). One trustee received commission of £731 (2020 – £1,200) 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.

**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.

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

### **Governance** (continued)

**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 county advisor.

**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;
- ♦ 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;

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

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

- ◆ 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.

***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.

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

### ***Key management personnel*** (continued)

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.

### ***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.

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

***Risk management*** (continued)

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 2022 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.
- ◆ Cost rises and Supply chain problems – As a producer primarily of physical books, the Society is subject to the same problems that are being experienced across the industry. Paper prices are rising and supply chain problems have caused lead times on materials (paper, leather, ink, cardboard, aluminium for print plates etc.) to extend significantly. Rising fuel costs are also leading to continually increasing shipping costs. Retail prices will have to rise in line with what is happening across the industry. CTS will continue to search out competitive print solutions and diversify into non-printed books.

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:



Trustee

Approved on: 26th July 2022

**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 2021 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 2021 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)

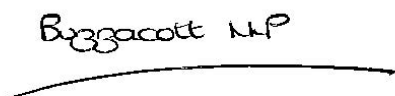
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance 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 and the company's members 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

1 September 2022

**Statement of financial activities** (including and income and expenditure account)  
Year to 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Income from:</b>							
Donations and legacies	1	157,351	458	157,809	102,154	712	102,866
Interest receivable		7,880		7,880	21,056	—	21,056
Charitable activities							
. Publication sales	2	855,754	—	855,754	733,556	—	733,556
Other sources:							
. Coronavirus Job Retention Scheme grants		—	—	—	1,155	—	1,155
<b>Total income</b>		<b>1,020,985</b>	<b>458</b>	<b>1,021,443</b>	<b>857,921</b>	<b>712</b>	<b>858,633</b>
<b>Expenditure on:</b>							
Raising funds	3	6,353	—	6,353	8,279	—	8,279
Charitable activities							
. Publication and dissemination of Catholic publications	4	937,493	1,220	938,713	1,014,584	1,175	1,015,759
<b>Total expenditure</b>		<b>943,846</b>	<b>1,220</b>	<b>945,066</b>	<b>1,022,863</b>	<b>1,175</b>	<b>1,024,038</b>
<b>Net income (expenditure)</b>		<b>77,139</b>	<b>(762)</b>	<b>76,377</b>	<b>(164,942)</b>	<b>(463)</b>	<b>(165,405)</b>
<b>Actuarial gains (losses) on defined benefit pension scheme</b>	17	<b>255,000</b>	<b>—</b>	<b>255,000</b>	<b>(253,000)</b>	<b>—</b>	<b>(253,000)</b>
<b>Net movement in funds</b>	6	<b>332,139</b>	<b>(762)</b>	<b>331,377</b>	<b>(417,942)</b>	<b>(463)</b>	<b>(418,405)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward at 1 January 2021		369,931	16,819	386,750	787,873	17,282	805,155
Total funds carried forward at 31 December 2021		<b>702,070</b>	<b>16,057</b>	<b>718,127</b>	<b>369,931</b>	<b>16,819</b>	<b>386,750</b>

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

All the Charity's activities derived from continuing operations during each of the above two financial years.

**Balance sheet** 31 December 2021

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible assets	9		<b>16,002</b>		16,538
<b>Current assets</b>					
Stocks	10	<b>172,312</b>		143,853	
Debtors	11	<b>120,769</b>		86,346	
Short term deposits		<b>752,860</b>		869,575	
Cash at bank and in hand		<b>10,084</b>		9,214	
		<b>1,056,025</b>		1,108,988	
<b>Creditors:</b> amounts falling due within one year	12	<b>(157,900)</b>		(197,776)	
<b>Net current assets</b>			<b>898,125</b>		911,212
<b>Total net assets excluding pension liability</b>			<b>914,127</b>		927,750
Pension liability	17		<b>(196,000)</b>		(541,000)
<b>Total net assets including pension liability</b>			<b>718,127</b>		386,750
<b>The funds of the Charity</b>					
Restricted funds	13		<b>16,057</b>		16,819
Unrestricted funds					
. Designated funds	14		<b>75,000</b>		75,000
. General funds		<b>823,070</b>		835,931	
. Pension reserve	17	<b>(196,000)</b>		(541,000)	
			<b>627,070</b>		294,931
			<b>718,127</b>		386,750

Approved by the trustees

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

Approved on: 26th July 2022

The Incorporated Catholic Truth Society

Company Registration Number: 00057374 (England and Wales)

## Statement of cash flows Year to 31 December 2021

	Notes	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(108,904)</b>	(113,375)
<b>Cash flows from investing activities:</b>			
Interest received		<b>7,880</b>	21,056
Purchase of tangible fixed assets		<b>(11,782)</b>	(1,459)
<b>Net cash (used in) provided by investing activities</b>		<b>(3,902)</b>	19,597
<b>Change in cash and cash equivalents in the year</b>		<b>(112,806)</b>	(93,778)
<b>Cash and cash equivalents at 1 January 2021</b>	B	<b>875,084</b>	968,862
<b>Cash and cash equivalents at 31 December 2021</b>	B	<b>762,278</b>	875,084

### Notes to the statement of cash flows for the year to 31 December 2021.

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

	2021 £	2020 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>331,377</b>	(418,405)
<b>Adjustments for:</b>		
Depreciation charge	<b>12,318</b>	19,021
Actuarial losses on pension scheme	<b>(255,000)</b>	253,000
Pension cost less contributions payable	<b>(97,000)</b>	(91,000)
Pension finance cost	<b>7,000</b>	7,000
Interest receivable	<b>(7,880)</b>	(21,056)
Increase in stocks	<b>(28,459)</b>	(6,942)
(Increase) decrease in debtors	<b>(34,423)</b>	122,284
(Decrease) increase in creditors	<b>(36,837)</b>	22,723
<b>Net cash used in operating activities</b>	<b>(108,904)</b>	(113,375)

#### B Analysis of changes in cash and cash equivalents

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	9,214	870	<b>10,084</b>
Short term deposits	869,575	(116,715)	<b>752,860</b>
Bank overdraft facility	(3,705)	3,039	<b>(666)</b>
	<b>875,084</b>	<b>(112,806)</b>	<b>762,278</b>

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the Charity and the above cash and cash equivalents.

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 2021 with comparative information given in respect to the year ended 31 December 2020.

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 remains the most significant area 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 had a significant negative effect on trade sales during the comparative period, 2020, due to the closure of bookshops, of book distributors and the downgrading of book sales by online retailers such as Amazon. However, sales income has picked up during 2021 and has remained positive during the beginning of 2022 as restrictions have been removed.

In the short term, the charity will continue to protect reserves by simplifying the range of high cost items, and work will continue on projects which will see a return in the longer-term as the Catholic liturgical landscape evolves. The most significant of these projects follows the official announcement by the Bishops Conference of England and Wales of the appointment of CTS as publishers of the Revised Lectionary in early 2021. Work has begun in earnest on the project with a provisional completion date of Advent 2023.

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, income from the sale of publications and occasional miscellaneous income.

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.

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

**Income recognition** (continued)

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 of 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 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Donations	79,486	458	79,944	78,264	712	78,976
Legacies	77,865	—	77,865	23,890	—	23,890
	<b>157,351</b>	<b>458</b>	<b>157,809</b>	<b>102,154</b>	<b>712</b>	<b>102,866</b>

## 2 Income from: Publication sales

The publication sales are attributable the publishing and/or distribution of pamphlets, books and other media. An analysis of publication sales for the year is given below:

	Total 2021 £	Total 2020 £
United Kingdom	689,958	598,102
Overseas	165,796	135,454
Operating lease rentals	<b>855,754</b>	<b>733,556</b>

## 3 Expenditure on: Raising funds

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Staff costs (note 7a)	3,102	—	3,102	2,585	—	2,585
Communications	3,251	—	3,251	5,694	—	5,694
	<b>6,353</b>	<b>—</b>	<b>6,353</b>	<b>8,279</b>	<b>—</b>	<b>8,279</b>

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

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
<b>Publishing</b>						
Cost of publication sales	193,772	—	193,772	275,427	—	275,427
Cost of despatch, shipping, and storage	145,599	—	145,599	117,732	—	117,732
Advertising and marketing costs	15,146	1,220	16,366	18,295	1,175	19,470
Staff and related costs (note 7a)	422,470	—	422,470	426,209	—	426,209
Premises costs	22,069	—	22,069	30,992	—	30,992
Communications	6,093	—	6,093	7,921	—	7,921
Computer costs	66,062	—	66,062	76,536	—	76,536
Depreciation	12,318	—	12,318	19,021	—	19,021
Banking and other costs	15,771	—	15,771	9,659	—	9,659
Governance costs (note 5)	38,193	—	38,193	32,792	—	32,792
	<b>937,493</b>	<b>1,220</b>	<b>938,713</b>	<b>1,014,584</b>	<b>1,175</b>	<b>1,015,759</b>

## 5 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Professional fees	11,662	—	11,662	5,992	—	5,992
Auditor's remuneration	26,531	—	26,531	26,800	—	26,800
	<b>38,193</b>	<b>—</b>	<b>38,193</b>	<b>32,792</b>	<b>—</b>	<b>32,792</b>

## 6 Net movement in funds

This is stated after charging:

	Total 2021 £	Total 2020 £
Staff costs (note 7a)	425,572	428,794
Auditor's remuneration		
· Current year audit fee	22,000	21,000
· Under (over) provision in prior period	700	3,100
· Pension scheme audit fee	3,831	2,700
Depreciation	12,318	19,021
Operating lease rentals	14,078	14,908

## 7a Employee and key management remuneration

	Total 2021 £	Total 2020 £
Staff costs during the year were as follows:		
Wages and salaries	353,953	353,290
Social security costs	25,431	23,746
Other pension costs	45,273	51,124
Other staff costs	915	634
	<b>425,572</b>	<b>428,794</b>
Staff costs per function were as follows:		
Costs of generating voluntary income	3,102	2,585
Publishing	422,470	426,209
	<b>425,572</b>	<b>428,794</b>

One employee earned between £70,000 and £80,000 (including taxable benefits but excluding employer's pension contributions) during the year (2020 – one). Contributions of £4,289 (2020 – £4,235) 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	
	2021	2020
Publishing	10	11

### 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 £100,712 (2020 – £99,512).

## 7b Trustees' remuneration

No trustee received any remuneration in respect of their services as a trustee during the year (2020 – £nil). No trustees received reimbursement of out-of-pocket expenses (2020 – £83 was received by three trustees). One trustee received commission of £731 (2020 – £1,200) 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 2021	66,369
Additions	11,782
At 31 December 2021	78,151
<b>Depreciation</b>	
At 1 January 2021	49,831
Charge for year	12,318
At 31 December 2021	62,149
<b>Net book values</b>	
At 31 December 2021	16,002
At 31 December 2020	16,538

## 10 Stocks

	2021 £	2020 £
Publications for sale	172,312	143,853

## 11 Debtors

	2021 £	2020 £
Publication sales	65,670	39,647
Other debtors	24,853	17,564
Legacies receivable	13,000	11,100
Prepayments and other accrued income	17,246	18,035
	120,769	86,346

## 12 Creditors: amounts falling due within one year

	2021 £	2020 £
Expense creditors	18,766	62,413
Taxation and social security costs	7,822	6,058
Royalties	56,000	47,500
Accruals and deferred income	74,646	78,100
Bank overdraft	666	3,705
	<b>157,900</b>	<b>197,776</b>

## 13 Restricted funds

	At 1 January 2021 £	Income £	Expenditure £	Transfers £	At 31 December 2021 £
Prisoners' appeal	16,749	458	(1,150)	—	16,057
University fund appeal	70	—	(70)	—	—
Total restricted funds	<b>16,819</b>	<b>458</b>	<b>(1,220)</b>	<b>—</b>	<b>16,057</b>

	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	<b>17,282</b>	<b>712</b>	<b>(1,175)</b>	<b>—</b>	<b>16,819</b>

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 2021 £	New designations £	Utilised/ released £	At 31 December 2021 £
Relocation fund	<b>75,000</b>	<b>—</b>	<b>—</b>	<b>75,000</b>

#### 14 Designated funds (continued)

	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

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

The **Transformation Fund** was 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.

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

	General funds £	Designated funds £	Restricted funds £	Total 2021 £	General funds £	Designated funds £	Restricted funds £	Total 2020 £
<b>Fund balances at 31 December 2021 are represented by:</b>								
Tangible fixed assets	16,002	—	—	16,002	16,538	—	—	16,538
Net current assets	807,068	75,000	16,057	898,125	819,393	75,000	16,819	911,212
<b>Total net assets excluding pension liability</b>	<b>823,070</b>	<b>75,000</b>	<b>16,057</b>	<b>914,127</b>	<b>835,931</b>	<b>75,000</b>	<b>16,819</b>	<b>927,750</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 2021 was £779,000 (2020 – £852,000).

The Charity's contributions to the scheme were £97,000 for the year (2020 – £91,000). The scheme is closed to new members and no existing employees are members.

**17 Pension commitments (continued)**

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

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of scheme assets	779	852	1,281	1,032	844
Present value of scheme liabilities	(975)	(1,393)	(1,653)	(1,390)	(1,492)
Deficit in scheme	(196)	(541)	(372)	(358)	(648)

***Movement in deficit during the year***

	2021 £'000	2020 £'000
Deficit at 1 January 2021	(541)	(372)
Contributions	97	91
Net loss on scheme	(7)	(7)
Actuarial gains (losses)	255	(253)
Deficit at 31 December 2021	(196)	(541)

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

	2021 £'000	2020 £'000
Fair value of assets at start of period	852	1,281
Expected return on scheme assets	11	22
Actuarial gains (losses)	61	(28)
Benefits paid	(242)	(514)
Contributions by the Society	97	91
Fair value of assets at end of period	779	852

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

	2021 £'000	2020 £'000
Present value of liabilities at start of period	1,393	1,653
Interest cost	18	29
Actuarial (gains) losses	(194)	225
Benefits paid	(242)	(514)
Present value of liabilities at end of period	975	1,393

The estimated value of the employer contributions for the year ending 31 December 2022 is £97,000 (2021 – £91,000).

***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:

	2021	2020	2019	2018	2017
Discount rate	1.80%	1.40%	2.10%	2.90%	2.50%
Rate of increase in pensions in payment for pensionable service from 6 April 1997	3.70%	3.60%	3.60%	3.70%	3.70%
Inflation assumption (RPI)	3.30%	2.90%	3.00%	3.20%	3.20%



# **17 Pension commitments** (continued)

The mortality assumptions adopted at 31 December 2021 imply the following life expectancies in years:

	Current pensioners	Retiring in 20 years
Males	22.2	22.5
Females	22.9	24.5

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

	Value at 31 December 2021 £'000	Value at 31 December 2020 £'000	Value at 31 December 2019 £'000
<b>Assets</b>			
Equities	138	102	103
Bonds	22	20	21
Unitised with profits	378	552	709
Cash	241	178	448
Total market value of assets	779	852	1,281
Actuarial value of liability	(975)	(1,393)	(1,653)
Deficit	(196)	(541)	(372)

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*

	2021 £'000	2020 £'000
Net interest cost and net return	(7)	(7)

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

	2021 £'000	2020 £'000
Actual return less expected return on pension scheme assets	61	(28)
Change in financial and demographic assumptions underlying the scheme assets	194	(225)
Actuarial losses recognised	255	(253)

# **18 Related party transactions**

Aside from the transactions disclosed in note 7b, the trustees made aggregate donations of £360 to the charity during 2021 (2020 – £365).

There were no other related party transactions requiring disclosure in the year (2020 – none).

## 19 Leasing commitments

### *Operating leases*

At 31 December 2021 the Charity had total commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2021	2020	2021	2020
	£	£	£	£
Operating lease payments which expire:				
Within one year	<b>11,550</b>	11,550	—	3,358

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