

The Banner of Truth Trust

Report and Financial Statements

Year ended: 31st March 2022

Registered Charity Number: 235652

Scottish Charity Number: SC038435

The Banner of Truth Trust

Report and Financial Statements

Year ended: 31st March 2022

Contents

Legal and administrative information for the year ended 31 March 2022.....	1
Trustees' report for the year ended 31 March 2022.....	2
Auditors' report to the trustees of The Banner of Truth Trust.....	5
Statement of financial activities for the year ended 31 March 2022.....	8
Balance Sheet as at 31 March 2022.....	9
Statement of cash flows	10
Notes to the financial statements for the year ended 31 March 2022.....	11

The Banner of Truth Trust

Registered Charity Number 235652

Legal and administrative information for the year ended 31 March 2022

Trustees

Jeff Kingswood
Chairman

Sinclair B Ferguson - Resigned 30 April 2023
Rev Iain H Murray
Rev Ian Hamilton - Resigned 30 April 2023
Rev Mark G Johnston
Thomas E Richwine
Rev Edward Donnelly - Resigned 29 April 2022
Robert Strivens
Donald John MacLean
Warren Peel
Jon D Payne
David Campbell - Appointed 29 April 2022
Andrew Young - Appointed 30 April 2023

General Manager

John Rawlinson

Auditors

Thomson Cooper Accountants
3 Castle Court
Carnegie Campus
Dunfermline
KY11 8PB

Connected bodies

The Banner of Truth Building Fund Trust
The Grey House
3 Murrayfield Road
Edinburgh
EH12 6EL

Banner of Truth
63 East Louther Street
Carlisle
Pennsylvania 17013
USA

Solicitors

Balfour + Manson LLP
54-66 Frederick Street
Edinburgh
EH2 1LS

Bankers

Bank of Scotland plc
PO Box 1000
BX2 1LB

Principal Office

The Grey House
3 Murrayfield Road
Edinburgh
EH12 6EL

The Banner of Truth Trust

Report of the trustees for the year ended 31 March 2022

The Trustees present their report along with the financial statements of the charity for the year ended 31 March 2022. The financial statements have been prepared in accordance with the accounting policies and applicable law, set out on page 10 and comply with the charity's Trust Deed.

Objectives and activities

The Banner of Truth Trust is a Charity established under a Deed of Trust dated 1 July 1959. The object of the Trust is the promotion of the better knowledge and understanding of the doctrines of the Christian faith. The Trust seeks to achieve this object primarily through the publishing and distribution of Christian literature throughout the world and by organising conferences. For Ministers, Missionaries, Students training for the Ministry, and those in difficult financial situations, the Trust seeks to provide its resources at subsidised prices.

Review of activities

During the year overall sales of books are increased by 2.8% above last year, which is encouraging.

Direct sales to consumers continue to be a strong channel. As in recent past years, there were continued special sales in the USA to organisations taking large quantities of one title for promotional purposes. These sales are low margin but high volume and make a useful contribution to revenues.

Work continued in the year on eBooks with many titles being published in print and eBook form.

The Bookfund supported many worthy projects and large numbers of books were distributed free of charge or at very high discount levels. These books go into many different countries in the world, as well as within the UK and USA. The Bookfund balance at the end of the year was adequate to continue significant levels of activity in the coming year. There continues to be a strong demand for Bookfund grants from all parts of the world, and a good interest from donors.

The designated fund continues to provide significant quantities of books to various projects and also support the translation of titles authored by J C Ryle into different languages.

Activities on social media, and a strategy to link social media use to the website continues to be successful. Social media presence has continued to grow and helped to get sales from the website. Email campaigns are being used to highlight backlist titles and engage with customers and have proved successful. The production of articles for the website continues and we are seeing many people visiting the site to read the articles. The daily devotionals on the website also get significant visitor traffic.

We were unable to hold our annual Yarnfield Park Youth and Ministers' Conferences. The Borders Conference was also cancelled. There are plans to recommence them in 2022.

The Chinese publishing work has again been limited during the year, mainly due to political matters. Supporters of the trust have continued to show considerable interest in this work but there are difficulties with getting books published.

There were no unusual developments in the year under review nor since the year end.

Future plans

The Trustees expect to continue to consolidate the work of the Trust in all areas – publishing, magazine, conferences, and Bookfund.

Work continues by the Trustees and senior management to consider various options for expanding the work of the Trust.

Public Benefit

The Trustees consider that the activities of the Trust deliver significant public benefit.

Gifts of books to those who otherwise would not be able to afford to buy books, or significant subsidies, provide materials which further the object of the charity and demonstrate public benefit.

The continued publication programme and the distribution through a variety of channels of the literature that the charity publishes serves to provide public benefit and furthers the aims of the charity to promote the better knowledge and understanding of the doctrines of the Christian faith.

The continuation of the conferences and magazine year by year also contribute towards achieving the aims of the charity. The conference fees are set to allow as many people as possible to attend and in some instances the charity is able to subsidise or pay for attendees. In particular, the ministers' conference is an important part of the activities of the charity.

Financial review

During the year under review, 21 (2021: 19) new titles were published in line with the publishing budget.

Total incoming resources were £2,654,887 and sales of English and Spanish books and magazines totalled £2,128,652. It should be noted that there was a loss on overseas exchange, primarily from the balances owed to the Trust from Banner of Truth, USA. A surplus, after charging all administrative and overhead expenses, of £524,676 was realised.

Donations and legacies received in the year amounted to £458,759 to assist in providing donations from the Trust in the form of books, subsidies for conferences, and publication of books.

Donations made by the Trust in the form of books, conference subsidies, translating costs, and other gifts amounted to £80,634 (2021: £75,906).

Bank interest and investment income amounting to £67,477 (2021: £66,387) was received and a loss on foreign exchange amounted to £60,699 (2021 £131,478).

Any cash balances are managed and, where possible, retained in interest bearing accounts to maximise the returns.

Reserves Policy

Out of total Trust funds of £7,028,752 stock represents £2,639,126. It is the policy of the Trustees to invest the Trust's surplus funds into stock while maintaining a sufficient cash balance to meet the substantial cost of the Trust's publishing programme and operating costs for 1 year. The cash and bank balances at the date of the balance sheet amount to £1,951,262. The current level of reserves is considered adequate to meet the costs of the operation of the Trust in the coming year.

The reserves policy is reviewed annually.

Organisational structure

The charity is organised by a General Manager, Mr J Rawlinson, reporting to the Trustees, who has the delegated responsibility for conducting the day-to-day activities of the charity.

The overall strategy of the Trust is directed by the Trustees. Day-to-day decisions are taken by the General Manager, with delegated authority to senior staff members for their areas of responsibility. Annual budgets are authorised by the Trustees and would include major capital projects and spending.

New Trustees are appointed by a majority vote of the current Trustees, in accordance with the Banner of Truth Trust procedure for appointment of Trustees, provided that the person proposed as a new Trustee adheres to the fundamental principles of the Trust, as set out in the Trust Deed. Other than as provided for in charity law, no other person or body has the power to appoint Trustees. New Trustees are appointed for a period of 5 years, after which they may be re-appointed for additional 5 year periods.

New Trustees are trained in the general responsibilities of Trustees using Charity Commission literature and provided appropriate training in the operations of the Trust by members of the Trust staff.

Staff remuneration for all staff, including key management, is reviewed annually, and normally increased in line with inflation, and changes in staff circumstances/responsibilities. Periodic benchmarking takes place of salaries to ensure that all salaries are in line with industry expectations. Staff costs are listed in note (3) to the accounts.

Risk Management

The Trustees have considered the key risks that could affect the charity, due to both internal and external factors, and are confident that satisfactory action has been taken to mitigate against such risks.

Investment Policy and Performance

The bulk of the money in the designated fund has been placed with investment managers, and the balance is held in interest bearing cash accounts. The investment policy is for the investments to generate an annual income that can be used for the purposes of the designated fund, and also to maintain a capital increase to offset the effects of inflation.

In order to do this, the investment managers have been instructed to work with medium to low risk investments. The Trustees consider the performance this year to be satisfactory.

Connected bodies/Related parties/Remuneration

Trustees give of their time freely and are not remunerated. They are required to declare any relevant interests for the related parties register. Details of trustee expenses and related parties are covered in notes (4) and (13) of the accounts.

Trustees' responsibilities in relation to the financial statements

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

The law applicable to charities in England and Wales and Scotland requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing the financial statements, the trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, Charities and Trustee Investment (Scotland) Act 2005, The Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Trust and taking reasonable steps for the prevention and detection of fraud and other irregularities.

As well as the Charity Commission, the charity is registered with the Office of the Scottish Charity Regulator (OSCR).

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Signed on behalf of the Trustees:


Jeff Kingswood
Trustee

24 May 2023

THE BANNER OF TRUTH TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of The Banner of Truth Trust ("the Trust") for the year ended 31 March 2022 comprising the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2022 and of its surplus 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 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 trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

THE BANNER OF TRUTH TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 4, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was capable of detecting irregularities, including fraud

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income, provisioning for slow moving or obsolete stock, posting of unusual journals along with complex transactions and manipulating the Trust's key performance indicators to meet targets. We discussed these risks with client management, designed audit procedures to test the timing of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial and taxation legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

THE BANNER OF TRUTH TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the trust.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

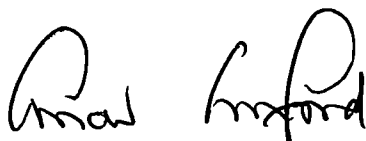
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the Trust's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust, the Trust's members as a body and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Croxford (Senior Statutory Auditor)
for and on behalf of Thomson Cooper, Statutory Auditor

Dunfermline

24 May 2023

The Banner of Truth Trust

Statement of financial activities for the year ending 31 March 2022

	Unrestricted Funds Accumulated Fund	Designated Fund	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£	£
<u>Income and Expenditure</u>					
Income from:					
Voluntary Income					
- Donations and Legacies	434,624	-	24,135	458,759	75,247
Incoming resources from Charitable Activities					
- Book and Magazine Sales	2,121,487	-	-	2,121,487	2,100,020
- Royalties on foreign editions	7,165	-	-	7,165	7,179
Investment Income					
- Bank interest	1,453	28	-	1,481	3,678
- Dividends	-	65,996	-	65,996	62,709
Total Income	2,564,729	66,024	24,135	2,654,888	2,248,833
Expenditure on:					
Charitable Activities					
- Cost of Sales	1,321,870	24,232	56,525	1,402,626	1,229,740
- Other gifts	-	-	3,489	3,489	4,637
- Conference direct subsidies	4,831	-	-	4,831	2,794
- Other costs	703,843	612	-	704,455	671,127
- Governance Costs	26,116	-	-	26,116	13,917
Total Expenditure	2,056,660	24,844	60,014	2,141,518	1,922,215
Net income					
and net movement in funds before					
gains / (losses) on investments	508,069	41,180	(35,879)	513,370	326,618
Net loss on Foreign Exchange	(60,699)	-	-	(60,699)	(131,478)
Net gains /(losses) on investments	-	72,005	-	72,005	366,749
Net Movement in Funds	447,370	113,185	(35,879)	524,677	561,889
Reconciliation of Funds					
Total Funds brought forward	3,872,832	2,527,821	103,423	6,504,076	5,942,187
Total Funds c/fwd at 31 March 2022	4,320,202	2,641,006	67,544	7,028,752	6,504,076

Detailed comparisons for the year ending 31 March 2021 are contained in note 17.

The Banner of Truth Trust

Balance Sheet as at 31 March 2022

	Notes	2022 £	2021 £
Fixed Assets			
Tangible Fixed Assets	7	11,613	11,787
Investments	8	2,216,472	2,144,467
Total Fixed Assets		2,228,085	2,156,254
Current Assets			
Stock	9	2,639,126	2,536,013
Debtors	10	513,454	74,544
Cash at bank and in hand		1,951,262	2,003,266
Total Current Assets		5,103,843	4,613,823
Creditors: amounts falling due within one year	11	303,176	266,001
Current assets less current liabilities		4,800,667	4,347,822
Net assets		7,028,752	6,504,076

Representing:-

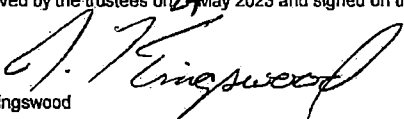
The Funds of the charity

Unrestricted accumulated fund	12	4,320,202	3,872,832
Unrestricted Designated fund	12	2,641,006	2,527,821
Unrestricted translation fund	12	-	-
Restricted fund	12	67,544	103,423
Total charity Funds		7,028,752	6,504,076

The notes at pages 10 to 20 form part of these accounts

Approved by the trustees on 24 May 2023 and signed on their behalf by:

Jeff Kingswood
Trustee



The Banner of Truth Trust

Statement of cash flows for the year ending 31 March 2022

	Notes	Total Funds 2022 £	Prior Funds 2021 £
Net cash used in operating activities	15	(115,491)	(92,907)
Cash flows from investing activities:			
Interest and dividends		67,476	66,387
Purchase of furniture and equipment		(3,989)	(11,869)
Proceeds from sale of investments		-	-
Net cash provided by investing activities		63,487	54,518
Cash flows from financing activities:			
Receipt of expendable endowment		-	-
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		(52,004)	(38,389)
Cash and cash equivalent brought forward		2,003,267	2,041,656
Cash and cash equivalents carried forward		1,951,262	2,003,267

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

1 - Accounting policies

Charity information

The Trust was created by Deed of Trust dated 1st July 1959.

1.1 Accounting convention

The accounts have been prepared in accordance with the Trust's Deed, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2017).

The Trust is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the Trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Sales represent the invoiced value of goods supplied and the income is recognised at the date of invoice. All donations, foreign royalty income, and legacies are recognised on a cash basis.

Cash donations are recognised on receipt. Other donations are recognised once the Trust has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Non-cash legacies are recognised on receipt.

Bank interest and investment related dividends are recognised on receipt of the amounts into the bank account.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

1 Accounting policies (Continued)

1.5 Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities. More information on this allocation is below.

The cost of managing investments is charged either against the investment capital, the investment dividend income, or charged directly to the Trust.

The expenditure on charitable activities includes grants made, governance costs and support costs.

Support costs have been differentiated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the independent examination and legal fees.

1.6 Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

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

Basic financial liabilities

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

1.8 Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

1 Accounting policies (Continued)

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Cost is the charge for paper, printing and

binding made to the Trust in respect of the books held. Net realisable value is the price at which the stock can be realised in the normal course of the Trust's activities after allowing for the cost of realisation.

Provision is made for obsolete, slow moving and damaged stock.

1.10 Fixed assets and depreciation

Depreciation is calculated to write off the cost of the fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are as follows :-

Furniture and fittings	25%
Computers and office equipment	25%
Motor Vehicles	25%

All assets costing more than £500 are capitalised.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to Statement of Financial Activities.

1.11 Foreign Currencies

Assets and liabilities expressed in foreign currencies are converted to sterling at the year end rate. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Differences on exchange are taken to the statement of financial activities in the current year.

1.12 Pensions

The Trust operates group personal pension policies in respect of certain employees. The policies are set up with defined contribution plans. The pension costs are charged to the statement of financial activities as they fall due.

1.13 Taxation

As the Trust is a registered charity, it is exempt from United Kingdom taxation.

2 Critical accounting estimates and judgements

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

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

In the opinion of the trustees there were no significant estimates or judgements in the preparation of the financial statements.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

3 Staff costs

	2022 £	2021 £
Wages and salaries	364,471	363,891
Social security costs	34,422	33,746
Pension Costs	56,104	41,153
Total	454,997	438,790

The average number of employees of the Trust was 16 (2021: 17). One employee was remunerated between £80,000-£90,000. (2021: One)

4 Trustees

Trustees' expenses for the year amounted to £1,662 (2021 : -£106). Seven (2021: three) of the trustees received reimbursement of expenses incurred in travel & subsistence. One trustee received remuneration for editorial services of £7,500 (2021: £5,925). Royalties paid to the Trustees during the year amounted to £24,317 (2021: £19,588) of which £22,378 (2021: £17,987) was accrued at 31 March 2022.

5 Pension

The pension cost charge represents contributions payable by the Trust to the group personal pension policies of employees and amounted to £56,104. (2021: £41,153)

6 Auditors' Remuneration

The auditors' remuneration was £ 4,600 in respect of audit services for the year to 31 March 2022 and £2,200 in respect of other services (2021: £4,200 in respect of audit services and £2,200 in respect of other services).

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

7 Fixed Assets

	Computer and office equipment £	Fixtures and fittings £	Motor Vehicles £	Total £
Cost				
At 31 March 2021	32,916	42,841	-	75,757
Additions	1,898	2,091	-	3,989
Disposals	-	-	-	-
At 31 March 2022	34,814	44,932	-	79,746
Depreciation				
At 31 March 2021	21,686	42,277	-	63,963
Charge for the year	3,790	380	-	4,170
Disposals	-	-	-	-
At 31 March 2022	25,476	42,657	-	68,133
Net Book Value				
At 31 March 2022	9,338	2,275	-	11,613
Net Book Value				
At 31 March 2021	11,223	564	-	11,787

8 Investments

	2,022 £	2,021 £
Market value at 1 April	2,144,467	1,777,718
Increase in market value during the year	72,005	366,749
Market Value at 31 March	2,216,472	2,144,467

The investment is with investment managers, Brewin Dolphin, London, UK, and the total investment cost was £1,663,360 (2021: £1,589,840), at 31 March 2022 £1,639,193 was invested in the markets (2021: £1,512,449) and £24,167 is in cash (2021: £77,391).

56.9% of the investments are held in the UK. No investment represents in excess of 5% of the portfolio.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

9 Stock

	2022 £	2021 £
Books	2,639,126	2,536,013
	2,639,126	2,536,013

10 Debtors

	2022 £	2021 £
Amounts falling due within one year :		
Trade Debtors	33,926	43,850
Legacy Debtor	308,350	-
Prepayments	9,425	12,266
Banner of Truth, Carlisle, USA	14,948	-
Banner of Truth, Carlisle, USA (USA Bad Debt Prov)	-	18,428
Banner of Truth Building Fund Trust	146,805	-
	513,454	74,544

11 Creditors

	2022 £	2021 £
Amounts falling due within one year :		
Trade Creditors	117,178	34,941
Royalties	122,724	133,804
Accruals and other creditors	22,288	17,847
Banner of Truth, Carlisle, USA	-	79,409
Deferred Income	40,986	-
	303,176	266,001

Deferred Income amounted to £ 40,986 (2021: £0) for the Ministers and Youth Conferences held in April 2022.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

12 Reconciliation of movement in Trust Funds

	Accumulated Fund £	Designated Fund £	Translation Fund £	Restricted Funds £	Total £
Total Funds b/fwd at 31 March 2021	3,872,832	2,527,821	-	103,423	6,504,076
Incoming resources	2,564,729	66,024	-	24,135	2,654,888
(Outgoing resources)	(2,056,660)	(24,844)	-	(60,014)	(2,141,518)
Unrealised (losses)/gains on inves	-	72,005	-	-	72,005
Net loss on foreign exchange	(60,699)	-	-	-	(60,699)
Total Funds c/fwd at 31 March 2022	4,320,202	2,641,006	-	67,544	7,028,752

The translation fund was set up to fund the translation and publishing of foreign language literature.

The designated fund is money primarily set aside for the provision of the works of J C Ryle free of charge or at subsidised rates to pastors, missionaries, colleges, etc.

Restricted Funds comprise of:

	Balance at 31 March 2021 £	Incoming £	Expended £	Balance at 31 March 2022 £
Dewar Fund	-	3,489	(3,489)	-
Chinese Print	17,555	-	-	17,555
Other restricted gifts	85,868	20,646	(56,525)	49,989
Closing Trust Funds	103,423	24,135	(60,014)	67,544

The Dewar Fund was set up out of investment income from a legacy. The donor stipulated that the income was to be used for the publication of theological literature.

The Chinese Print Fund was set up to fund the publishing of theological literature in China.

Other Restricted gifts come from a variety of sources throughout the year.

13 Related Party Transactions

The Trustees, who are listed on page 1, are directors of Banner of Truth, a non-profit corporation exempt from taxation based in Carlisle, USA. Sales to Banner of Truth (USA) during the year totalled £1,945,093 (2021 : £1,778,014).

A sum of £ 4,371 not considered immediately recoverable was due from the Banner of Truth (USA) at 31 March 2022 (2021 : £0).

Certain of the Trustees are also Trustees of The Banner of Truth Building Fund Trust. The Building Fund Trust owns the Grey House and the warehouses used by the Trust.

A sum of £164,846 was owed to The Banner of Truth Building Fund Trust at 31 March 2022 (2021 : £18,427).

Rent paid to Banner of Truth Building Fund Trust in the year £35,840.

Seven trustees (Sinclair Ferguson, Rev. Mark G Johnston, Rev. Iain Murray, Rev Ian Hamilton, Rev Dr Edward Donnelly, Jon Payne and David Campbell) received royalty payments totalling £24,317 for sales of their books by The Banner of Truth Trust.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

14 Balance Sheet as at 31 March 2022

Asset and Liability Allocation to funds.

	Unrestricted Funds Accumulated Funds £	Translation Fund £	Restricted Funds £	2022 £	2021 £
Fixed Assets					
Tangible fixed assets	11,613	-	-	11,613	11,787
Investments	2,216,472	-	-	2,216,472	2,144,467
	2,228,085	-	-	2,228,085	2,156,254
Current Assets					
Stock	2,639,126	-	-	2,639,126	2,536,013
Debtors	513,454	-	-	513,454	74,544
Cash and bank balances	1,883,719	-	67,544	1,951,262	2,003,266
	5,036,299	-	67,543	5,103,842	4,613,823
Creditors: amounts falling due within one year	303,176	-	-	303,176	266,001
Net current assets	4,733,123	-	67,544	4,800,667	4,347,822
Net assets	6,961,208	-	67,544	7,028,752	6,504,076
Representing:-					
Trust Funds					
Unrestricted Accumulated fund	4,320,202	-	-	4,320,202	3,872,832
Unrestricted Designated fund	2,641,006			2,641,006	2,527,821
Unrestricted Translation fund	-	-	-	-	-
Restricted fund	-	-	67,544	67,544	103,423
Total Trust Funds	6,961,208	-	67,544	7,028,752	6,504,076

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

15 Analysis of Charitable Expenditure

The charity undertakes direct charitable activities only.

	Book Production	Magazine Production	Conferences	Governance Costs	2022
Cost of Sales	1,308,523	13,347	-	-	1,321,870
Grants and Subsidies	-	-	-	-	-
Other Gifts	-	-	-	-	-
Conference Costs (NET)	-	-	(4,831)	2,860	(1,971)
Advertising and Sales Expense	132,130	11,000	-	-	143,130
Staffing Costs	333,200	62,637	48,682	10,478	454,997
Depreciation	3,126	588	457	-	4,171
Support Costs	99,894	18,779	14,595	12,778	146,046
TOTALS	1,876,873	106,351	58,903	26,116	2,068,243

	Book Production	Magazine Production	Conferences	Governance Costs	2021
Cost of Sales	1,169,988	13,209	-	-	1,183,197
Grants and Subsidies	-	-	-	-	-
Other Gifts	-	-	-	-	-
Conference Costs (NET)	-	-	2,794	1,524	4,318
Advertising and Sales Expense	129,732	11,000	-	-	140,732
Staffing Costs	321,051	60,353	46,907	10,478	438,789
Depreciation	3,375	635	493	-	4,503
Support Costs	77,395	14,549	11,308	1,915	105,167
TOTALS	1,701,541	99,746	61,502	13,917	1,876,706

Costs allocations are allocated either as a direct cost or as an indirect cost which is apportioned between cost centres in respect of the amount of staff time spent working on that area.

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

16. Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	£	£
Net movement in funds	524,677	561,889
Add back depreciation charge	4,170	4,510
Deduct interest income shown in investing activities	(67,476)	(66,387)
Deduct gains/ add back losses on investments	(72,005)	(366,749)
(Increase)/Decrease in debtors	(438,918)	331,856
Increase in inventories	(103,113)	(485,643)
(Decrease)/Increase in creditors	37,175	(72,384)
Net cash used in operating activities	(115,491)	(92,908)

The Banner of Truth Trust

Notes to the financial statements for the year ending 31 March 2022

17. Statement of financial activities for the year ended 31 March 2021

	Unrestricted Funds			Restricted Funds	Total Funds 2021
	Accumulated Fund	Designated Fund	Translation Fund		
	£	£	£	£	£
Income and Expenditure					
Income from:					
Voluntary Income					
- Donations and Legacies	48,758	-	-	26,489	75,247
Incoming resources from Charitable Activities					
- Book and Magazine Sales	2,100,020	-	-	-	2,100,020
- Royalties on foreign editions	7,179	-	-	-	7,179
Investment Income					
- Bank interest	1,468	2,210	-	-	3,678
- Dividends	-	62,709	-	-	62,709
Total Income	2,157,425	64,919	-	26,489	2,248,834
Expenditure on:					
Charitable Activities					
- Cost of Sales	1,174,911	17,900	157	36,772	1,229,740
- Other gifts	-	-	-	4,637	4,637
- Conference direct subsidies	2,794	-	-	-	2,794
- Other costs	657,481	13,646	-	-	671,127
- Governance Costs	13,917	-	-	-	13,917
Total Expenditure	1,849,103	31,546	157	41,409	1,922,215
Net income and net movement in funds before gains / (losses) on investments					
	308,322	33,373	(157)	(14,920)	326,619
Net loss on foreign Exchange	(131,478)	-	-	-	(131,478)
Net gains /(losses) on investments	-	366,749	-	-	366,749
Net Movement in Funds	176,844	400,122	(157)	(14,920)	561,890
Reconciliation of Funds					
Total Funds brought forward	3,695,988	2,127,699	157	118,343	5,942,187
Total Funds c/fwd at 31 March 2021	3,872,832	2,527,821	-	103,423	6,504,076