

# **The Pious Society of the Daughters of St Paul**

## **Annual Report and Accounts**

31 December 2022

Charity Registration Numbers:  
296042 (England and Wales)  
SC037889 (Scotland)

## Contents

### Reports

Reference and administrative details of the charity, its Trustees and advisers	1
Trustees' report	3
Independent auditor's report	20

### Accounts

Statement of financial activities	25
Balance sheet	26
Statement of cash flows	27
Principal accounting policies	28
Notes to the accounts	34

## Reference and administrative details of the charity, its Trustees and advisers

<b>Trustees</b>	Sister Angela Grant fsp ( <i>Delegate Superior</i> ) Sister Gregoria Mignolli fsp ( <i>resigned May 2022</i> ) Sister Elaine Penrice fsp Sister Mary Ann Salvilla fsp ( <i>Bursar</i> ) Sister Florence Wahome fsp ( <i>appointed May 2022</i> )
<b>Council</b>	Sister Angela Grant fsp Sister Lalaine Lilio fsp Sister Elaine Penrice fsp Sister Florence Wahome fsp
<b>Principal office</b>	84 Church Street Liverpool L1 4AY
<b>Telephone</b>	0151 709 1328
<b>Website</b>	<a href="http://www.paulineuk.org">www.paulineuk.org</a>
<b>Charity registration numbers</b>	296042 (England and Wales) SC037889 (Scotland)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Barclays Bank plc PO Box 756 Slough SL1 4SG

## Reference and administrative details of the charity, its Trustees and advisers

### **Solicitors**

Stone King LLP  
Upper Borough Court  
Upper Borough Walls  
Bath  
BA1 1RG

J McSparran & McCormick  
19 Waterloo Street  
Glasgow  
G2 6AH

### **Property consultants**

Gerald Eve LLP  
One Fitzroy  
6 Mortimer Street  
London  
W1T 3JJ

and at

140 West George Street  
Glasgow  
G2 2HG

### **Insurance consultants**

Marsh Commercial  
39 Kings Hill Avenue  
West Malling  
Maidstone  
Kent  
ME19 4ER

The Trustees present their statutory report together with the accounts of the Pious Society of the Daughters of St Paul ("the charity") for the year ended 31 December 2022. The charity trades under the name Pauline Books & Media.

The accounts have been prepared in accordance with the accounting policies set out on pages 28 to 33 of this document and comply with the charity's trust deed, applicable laws 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 United Kingdom and Republic of Ireland (FRS 102).

### **Introduction**

The Daughters of St Paul ("the Congregation") is an international Roman Catholic religious Congregation founded by Blessed James Alberione in Alba, Italy, in 1915. Mother Thecla Merlo was the co-foundress and first Superior General of the Daughters of St Paul. Mother Thecla died on 5 February 1964 and was proclaimed "Venerable" on 22 January 1991.

In terms of Canon Law the Congregation of the Daughters of St Paul is an Institute of Pontifical status.

At the end of 2022, the Daughters of St Paul numbered 1,908 sisters throughout 50 countries composed of 208 communities. The Congregation forms part of a worldwide group of congregations known as the Pauline Family. The Daughters of St Paul follow the Congregation's Constitutions and Directory, approved by the Holy See on 26 January 1984.

### **Mission**

As stated in the Constitutions of the Congregation, the name 'Daughters of St Paul' expresses a fundamental relationship with St Paul the Apostle. The main objective of the Congregation is the perfection of charity to be attained through the spirit and practice of the evangelical counsels of poverty, chastity and obedience in common life and to communicate the Good News of Jesus Christ in the world with the most modern means of social communication.

Pauline Books & Media ensures that, at all times, it is acting in the public benefit and the Trustees confirm that they have paid due regard to the Charity Commission's public benefit guidance.

Chapels in Pauline Books & Media Centres are open to the public for prayer and masses. In view of public benefit and a culture of education, Pauline Books & Media seek to provide resources and occasions of encounter to help all people grow in faith and peace. Pauline Books & Media also sends products to the Congregation's communities in poorer countries for distribution in schools and parishes.

As Pauline Books & Media continues to reach out to new people, the sisters explore the most modern ways of proclaiming Jesus Christ to the world. Aware of the potential of the internet, social media and developments in technology, they avail themselves of these new means and appreciate the interest and feedback they receive from the public.

## Objectives, activities and relevant policies

### ***Vocations Ministry***

Discovering what to do with your life is one of the many challenges young adults have to work at these days. The pressures of modern-day life can leave many people hesitant to make some of the most satisfying but daunting life-decisions. The Daughters of St Paul work with the local church to help such young people feel supported and guided in this important time of their lives.

### ***www.pauline-uk.org and www.paulinemission.org***

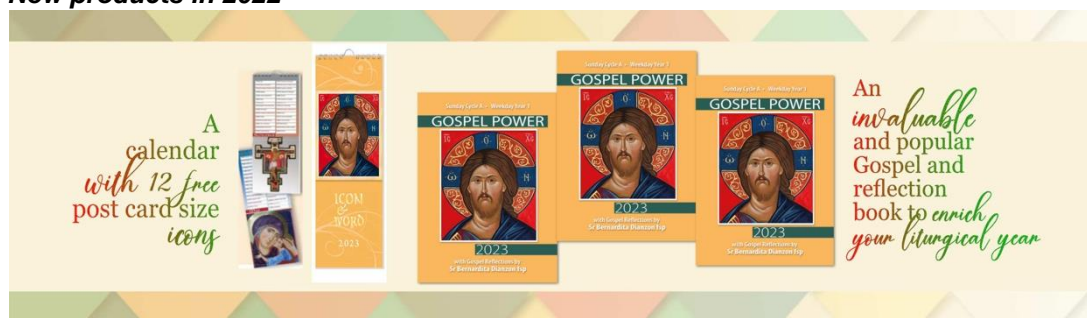
The Pauline Books & Media website is a sector of the Daughters of St Paul's mission which has seen some growth in recent years. The website is that space where the sisters have the opportunity to support those who are not able to come into the high street book and pastoral centres. Besides providing products for purchase, the website has the facility to accept prayer-requests as well as providing the general public with information about the Daughters of St Paul. Pauline Books & Media continues to invest resources into improving the sisters' outreach through online engagement with clients and patrons.

### ***Activities: Pauline Books & Media***

Throughout 2022, the charity's activities have been carried out at 5 locations throughout the UK: Slough, London, Liverpool, Newcastle, and Glasgow. The primary way it has continued to serve the people of the UK has been through its Pauline Books & Media book websites, alongside the book centres on the high street.

Pauline Books & Media productions are resources sourced or commissioned and distributed by the charity in order to support local communities in their faith journey and in their educational programmes. Products developed by the sisters are one of the main ways in which they carry out their mission and objectives, as well as being one of their primary sources of income which is used wholly to support the objectives of the charity.

### ***New products in 2022***

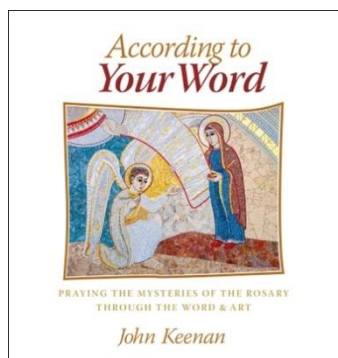


We have, for many years, produced our Icon & Word Calendar, with beautiful icons representing artists from many different parts of the world. We are pleased to have the opportunity to promote the work also of our Ukrainian friends through our publications. Our small contribution to this collaborative relationship will bring awareness and support to the difficult times the Ukrainian people are suffering currently.

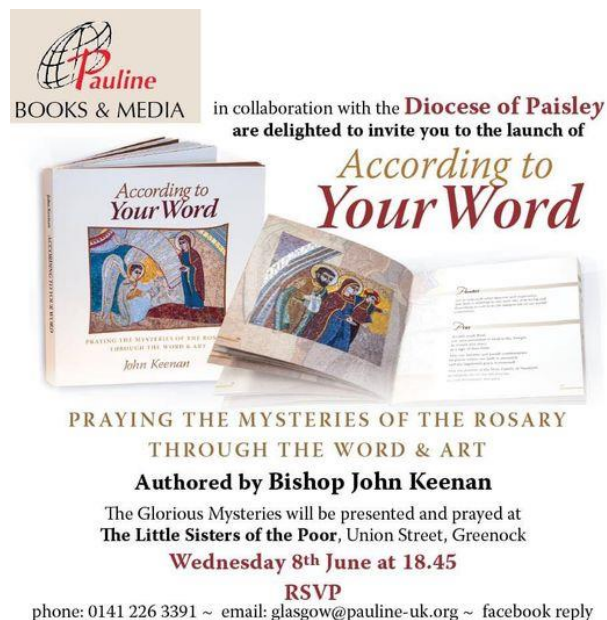
## Objectives, activities and relevant policies (continued)

### *New products in 2022 (continued)*

We also collaborated with our sisters in the Philippines to bring Gospel Power to the UK audience, providing daily spiritual commentary on sacred scripture. This is a much-anticipated product and was so highly a sought-after publication that there was pressing demand to expand the print-run, to avoid leaving customers disappointed.



Pauline Books & Media were proud to collaborate with Bishop John Keenan of Paisley Diocese in Scotland, in publishing a new Rosary Meditation book, specifically tailored to our times and our nations here in the UK, whilst still appealing to our international patrons.



### **Pauline Book & Media Centres**

#### *London*

Our Pauline Books & Media outlet is a small continuing presence serving our London patrons in collaboration with the parish of Our Lady of Victories Catholic Church in Kensington. The small space at the entrance of the church was formally the parish repository, and with the kind support of the parish priest and the parishioners, we will continue to provide means of ongoing formation and evangelisation in London.

At the beginning of November 2022, the community who served the London and south region were finally able to move into their new accommodation in Slough. This has drawn to a close the long period of uncertainty. With the new settled status of the community of three sisters, we hope that this can mark a new time of creativity in our apostolate and mission.

**Objectives, activities and relevant policies (continued)**

***Pauline Book & Media Centres (continued)***

*Liverpool*

The Liverpool book centre at 84 Church Street, close to the heart of the commercial city, is in easy walking distance from the Central and Lime Street Stations. The community of sisters has been working hard to welcome visitors from all over the world, through the physical store as well as through the distribution warehouse and the central office of the Pauline Books & Media website.



Pauline Books & Media supports local authors and the local community.



**Objectives, activities and relevant policies (continued)**

***Pauline Book & Media Centres (continued)***

***Newcastle***



Pauline Book & Media is not confined by traditional outreach locations, but frequently visits local Churches and conference centres to make our services reach as many people as possible.



The staff working at the Book Centre by Newcastle Cathedral have dedicated themselves to welcome visitors as always. All our Pauline Books & Media Centres are wheelchair accessible so to provide services to our whole community.

## Objectives, activities and relevant policies (continued)

### *Pauline Book & Media Centres (continued)*

#### *Newcastle (continued)*

The Newcastle book centre organised a travelling crib, to animate their local community in the run-up to Christmas, building up community through mutual support and prayer by a visiting Christmas Nativity Scene.



#### *Glasgow*

Pauline Books & Media in Glasgow has been working hard throughout the year to welcome friends young and old, not only to our everyday services, but to many special events throughout the year, building community and reaching out to customers throughout Scotland.



**Pause... for an  
Advent Prayer for Peace**  
every Wednesday and Friday  
at 11.45 am  
Enjoy a complimentary tea or coffee afterwards

You are also welcome to call in  
and listen for a few songs or more  
while Primary School choirs sing  
**Christmas carols and songs**  
with children from Motherwell Diocese

**Thursday 8th December**  
Starting at 11.30 until 13.30

**Saturday 10th December**  
The Nativity story in song  
&  
festive songs  
with children from Glasgow Archdiocese  
(singing from 1 pm until 2.30)

A collage of three photographs showing children and adults in a library. The top photo shows a group of children and adults sitting at a table. The middle photo shows a group of children and adults standing in a line. The bottom photo shows a group of children and adults sitting at a table.

### **Warehouse & [www.pauline-uk.org](http://www.pauline-uk.org)**

The mission activities in the Pauline Books & Media warehouse and shipping department continue to be in high demand. With the reduction in footfall on the high street and the ongoing financial challenges within our communities, online and telephone sales continued to attract customers. The sisters working in the warehouse have been maintaining service, whilst negotiating onerous changes to the shipping requirements imposed by the Post Office and other international shipping services. The warehouse management is working hard to distribute our products by offering special discounts to trade customers and bulk purchasers.

## Objectives, activities and relevant policies (continued)

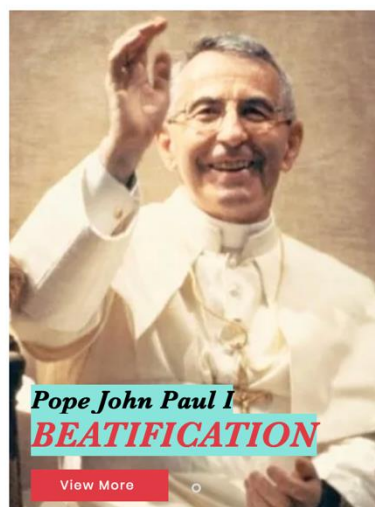
[www.paulinemission.org](http://www.paulinemission.org)

The Pauline Mission website, which runs alongside the commercial website has continued to address pertinent topics of the day, providing free content and information to our patrons.

## Events

*Bringing you the latest about Pauline Books & Media!*

*This is your space. It is a great opportunity for us to bring to you important upcoming events that you may want to know about or participate in. It could be an in-person event like a conference, book launch or virtual events. Stay with us.*



### **Bishop Keenan** **BOOK LAUNCH**

On Tuesday 8th June Bishop John Keenan of Paisley diocese launches his new book ACCORDING TO YOUR WORD: Praying the Mysteries of the Rosary through

## Social media

Our social media presence is also an important part of our efforts to build community, so our channels have continued to be dedicated to the same mission as our other apostolic activities, for example promoting diversity and inclusion through our particular way of doing mission.



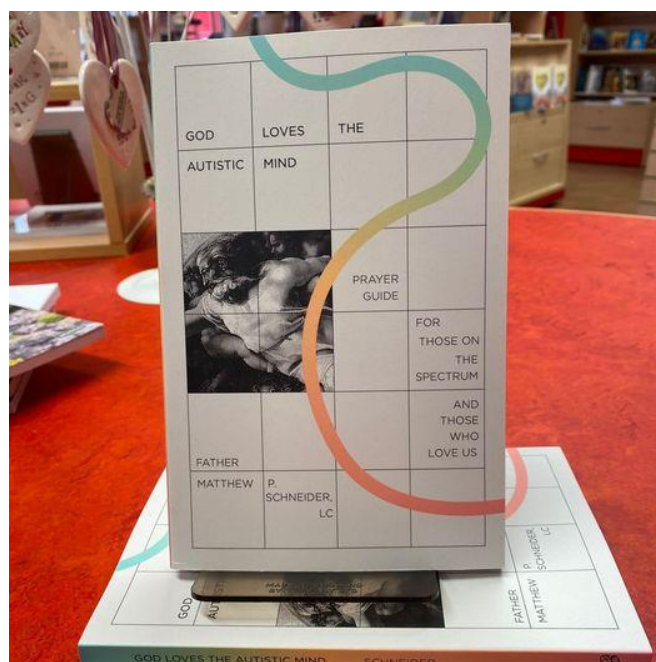
## Objectives, activities and relevant policies (continued)

### ***General Government and British Delegation***

During their meetings, the Trustees reflect on governance issues including the "Relationship with our Generalate in Rome". In view of the expenses incurred by the General Government which is at the service of the Congregation worldwide, each circumscription (Province or Delegation) is asked to contribute a percentage (2%) of turnover to cover part of such costs.

### ***The British Delegation (Daughters of St Paul)***

The British Delegation of the Daughters of St Paul, is made up of 17 sisters from 7 different countries: Ireland, Italy, Kenya, Malta, Philippines, Scotland and the USA. The Trustees are Sister Angela Grant fsp, (Chair), Sister Mary Ann Salvilla fsp (Bursar), Sister Elaine Penrice fsp (Secretary) and Sister Florence Wahome fsp. They are aware of their specific roles and ensure that all resources are used efficiently and effectively to further the charitable objects (evangelisation through the media of social communication). The Chair, Sister Angela Grant, keeps up to date with announcements and publications from the Charity Commission in England and Wales and the Office of the Scottish Regulator to ensure that the Trustees comply with all legal and regulatory requirements.



### ***Looking to the future***

#### ***Mapping a way forward***

The Trustees of the charity have worked to plan ways forward, which will sustain the charity's work in the near future:

The Trustees had obtained permission from the General Government of the Daughters of St Paul, to sell some properties and purchase other new properties, in view of reorganising the mission and communities. This had the additional effect of releasing some funds which are being used to complete the refurbishment of properties and begin to pay off loans taken from the General Government procured for the purposes of the redesigning projects.

In 2022 we sold two of our properties. Our property at Middle Green, Langley in Berkshire was sold to another charity. The funds obtained from the sale contributed towards beginning to clear the debt incurred in establishing and renovating our apostolic and community presence in Liverpool. This move included the acquisition of the new Church Street apostolic centre and the second community property in Liverpool.

## Objectives, activities and relevant policies (continued)

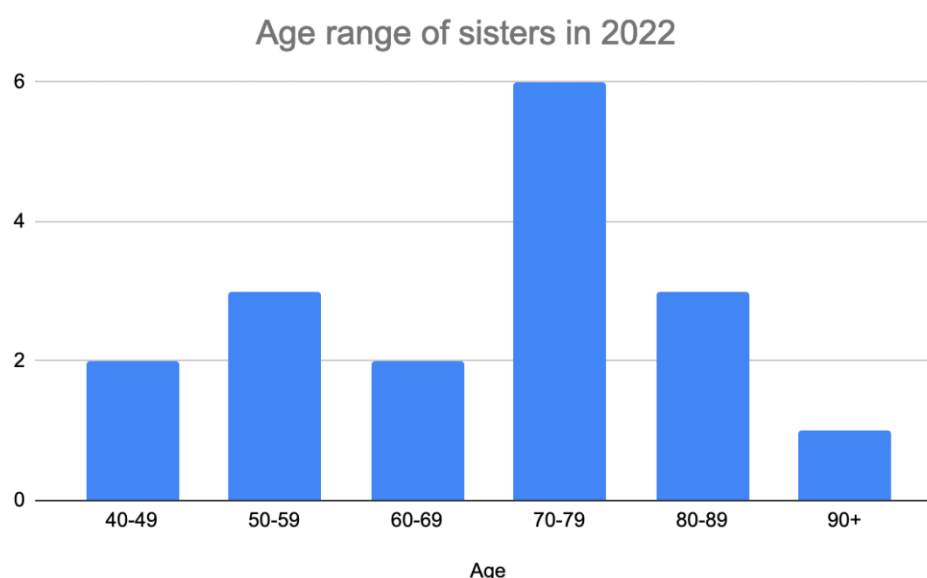
### *Looking to the future (continued)*

#### *Mapping a way forward (continued)*

The second property sold was the establishment at 199 Kensington High Street, London. The sum obtained from this sale was reduced towards the end of the transaction, a direct result of the fluctuating circumstances brought about by the uncertainty in the financial markets due to the disconcerting government instability in the second half of 2022.

With the current financial climate in the UK, and the responsibility to care and provide for the members of the religious community who have been entrusted with the mission and activities of the institute, there is a recognisable financial challenge that is only being sustained by the good stewardship of preceding decades. This, however, has become increasingly difficult, compounded by the reality that the average age of the sisters is 69.47 years. Of 19 members, only 7 are below the age of 70. This personnel situation has little prospect of amelioration in the short or medium term.

In 2022 we relocated two of our elderly sisters to their home nations for ongoing professional care in a safe environment which supports their religious life. This has a financial impact on the charity because of the loss of their pension income, and at the same time the charity continues to contribute towards their needs. Provision for eventual funerals is also being allocated.



Presently, there are 4 sisters who are responsible for leadership and management of the charity, all of whom carry out other responsibilities in the mission. The community leader is overseeing the direction and management of all locations, the board of advisers, and frequently supports mission activities throughout the UK.

All sisters make some practical contribution to the life and mission of the Congregation, including the ministry of prayer, welcoming and hospitality. Besides this, the all the sisters who can work in the diffusion mission do so according to their abilities. Because of diminishing numbers and increasing average age, these sisters have multiple responsibilities.

## **Objectives, activities and relevant policies (continued)**

### ***Reorganising Delegation of Great Britain***

The ongoing work and deliberation of mapping out the future of the charity in the UK has moved to a new stage, where the selling of properties and the purchase or renting of new properties has been settled. Considerable investment of time and financial resources has been used to secure the charity for the medium and long-term. The next stage of the redesigning process is finding the new rhythm of the apostolic centres to ascertain the personnel needs of each centre. There are plans to find new employees to support the ongoing work of the charity.

### ***Advisors***

In consideration of the challenges of the present time, this year the Trustees have established a panel of four external advisers who represent a breadth of experience from financial, business and religious backgrounds. Besides these, the Trustees have also been consulting with Gerard Eve LLP (real estate advisors) and with Buzzacott LLP.

The aforementioned advisors have been consulted regarding their expertise in investment, sustainability and property management, with a view as to how to better prepare the charity to move securely into the future.

### ***Safeguarding***

The Trustees are committed to Safeguarding as an integral part of the life and ministry of the Daughters of St Paul in Great Britain. They are fully aware of the Safeguarding policies, procedures and recommendations of the Catholic Church of England, Wales and Scotland. The Trustees are updated on Safeguarding matters by the Catholic Safeguarding Standards Agency (CSSA) and the Religious Life Safeguarding Service (RLSS). The sisters are offered periodic updating on safeguarding training and the Trustees ensure that both sisters and employees are reminded of their rights and responsibilities in this regard.

Trustee meetings are careful to address safeguarding matters when they gather, and Trustees are informed about any matters of concern that may arise.

### ***General Data Protection Regulation (GDPR)***

The Trustees took note of the Data Protection Act 2018 which replaced the Data Protection Act 1998. They hold a copy of the summary guide to GDPR compliance in the UK. They also have a copy of "GDPR: 12 answers for Religious Orders" (Stone King LLP) and the Brochure on Retention of Accounting Records (Buzzacott LLP).

### ***Reserves Policy***

Our Reserves Policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. The aim is to ensure that the general fund comprises between 25% and 50% of forecast annual operating expenditure. The retirement fund is reviewed annually with the Trustees taking advice on the minimum amount required per person, in accordance with changes to the average retirement period, the cost of living and changes to the demographics of the Congregation.

## **Objectives, activities and relevant policies (continued)**

### ***Year-end accounts***

The Trustees reviewed the 2022 year end accounts. They are aware of the overall decline in income over the past years and are seeking advice as to how to respond best to the challenge.

### ***Fundraising***

The charity aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data with other organisations, and ensures that its communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2022, the charity received no complaints about its fundraising activities.

## **Financial review**

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

Total income for the year amounted to £6,890,403 (2021 – £766,975), which included gains on the sale of two properties amounting to £5,974,084 (2021 – £nil). Excluding gains on the disposal of fixed assets, total income for the year amounted to £916,319 (2021 – £766,975). Of the total income, £679,759 (2021 – £509,396) was derived from the charity's primary purpose trading activities. The increase reflects the full lifting of the Coronavirus lockdown restrictions during 2022 and the return of customers to the charity's shops.

Total expenditure for the year amounted to £1,475,300 (2021 – £1,109,130). Of this total, £1,215,709 (2021 – £1,037,652) was directly related to the costs of the charity's primary purpose trading activities. As with income from charitable activities, the increase in charitable expenditure reflects the removal of lockdown restrictions and full return of customers to the charity's shops.

Net income for the year was £5,415,103 (2021 – net expenditure was £342,155). However, excluding gains on the disposal of fixed assets, the charity's net expenditure for the year was £673,626 (2021 – £342,155).

### ***Reserves policy***

Our reserves policy is aimed at helping the Daughters of St Paul to maintain the charity as a going concern and ensure the sisters are sufficiently able to support themselves in their retirement. Our policy is to strive to achieve a position where the general fund should comprise between 25% and 50% of forecast annual operating expenditure.

## **Financial review** (continued)

### ***Financial position***

The balance sheet shows total funds of £9,903,921 (2021 – £4,488,818).

Of this, £2,673,067 (2021 – £4,161,314) represents the net book value of the charity's tangible fixed assets used to support the work of the sisters minus the value of the loan from the Congregation's General Government of £884,387 (2021 – £1,811,344) to help finance the purchase of property.

The disposal proceeds from the sales of the charity's properties in Kensington and Slough have allowed the trustees to set aside £4,000,000 at 31 December 2022 as a designated retirement fund to provide care and support for the sisters in the long term.

Free reserves, therefore, are those shown on the balance sheet as general funds and amounted to £3,230,854 at 31 December 2021 (2021 – £327,504). Whilst the level of free reserves is currently in excess of the reserves policy, the trustees are aware that the charity is likely to incur deficits in the next few years and the excess in the fund will therefore be required to cover these shortfalls.

### **Principal risks and uncertainties**

The Trustees have developed plans to guard the sustainability of the charity's work in the near future and the sisters continue to work on new products for sale through Pauline Books & Media. Pauline Books & Media is currently developing best practice in regard to the future mission of the charity.

The Trustees have identified and considered major risks that the charity may be exposed to. Having assessed the major risks to which the charity is exposed, the Trustees believe that by monitoring progress, and by being informed also through reading relevant documentation from the Charity Commission, they have established effective systems to mitigate these risks.

The key risks for the charity, as identified by the Trustees, are described below together with the principal ways in which they are mitigated.

#### ***Competition from large scale retailers***

In common with many other businesses, competition from larger retailers, particularly those with an online presence such as Amazon, contributes to a decline in revenues for Pauline Books & Media. The charity also bears the additional overheads associated with maintaining its presence on the high street in different locations across the UK. The Trustees are hopeful that developing the charity's websites will help it to better compete online going forward.



## **Principal risks and uncertainties (continued)**

### ***Planning for the care of elderly sisters***

An analysis of the age profile of the members of the Delegation shows that the average age of members at 31 December 2022 was 69.47 years. The Trustees are aware that there is both a moral and legal obligation to care for the older members. None of the sisters have resources of their own as all earnings, pensions and other income have been donated to the charity under a Gift Aid compliant Deed of Covenant. As the age profile increases, so too does the need to provide care for the sisters. Key elements of the management of this risk are: (a) ensuring that the charity has the available financial resources to finance this care both now and in the years ahead by setting aside assets in a designated fund, the value of which has been based on actuarial principles, and (b) ensuring that processes are in place to review regularly the ministries and needs of individual sisters encouraging those who need it to take on less demanding ministries and for identifying those who need extra care and help.

### ***Medium to long term financial performance***

As noted in the financial review above, the proceeds from the disposal of two properties during the year have increased the charity's available resources and allowed for the designation of a significant retirement reserve to provide for the longer-term care of the sisters of the Congregation. However, the charity's recurring deficits, driven by the competition described above, remain a concern in the medium to longer term and the trustees continue to consider options to manage this issue in the longer term.

### ***Loss of key staff***

The people who work for the charity are a key resource and the charity is reliant on a small number of key individuals, including its bookshop managers and administrative support staff. In particular, the loss of bookshop managers is a significant risk for stores if a successor within a store's existing body of staff has not been identified and appropriately trained. Should book store managers resign, the absence of a successor may lead to operational disruption until a new manager can be trained or hired in, which may be compounded by difficult recruitment markets. Such an eventuality would place an additional burden on the sisters.

Wherever possible, the charity will aim to enable staff to develop their skills and knowledge so as to attract and retain the right people and to build into contracts of employment notice periods that provide some protection to the charity. The charity will also investment time in succession planning for managerial roles in its book stores.

## **Governance, structure and management**

In terms of Canon law, the Congregation of the Daughters of St Paul is an Institute of Pontifical status. It is governed at an international level by the Superior General and her Council in Rome. The members of the General Government are elected every six years at a General Chapter, by representatives of all the Provinces and Delegations of the Congregation.

The British Delegation of the Daughters of St Paul is governed by the Delegate Superior and her Council. The Delegate and Councillors are appointed by the Superior General following a consultation of the members of the British Delegation following a consultation of the members of the British Delegation.

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

In terms of Civil law, the Charity is governed by a Trust Deed dated 16 January 1987, a scheme of the Charity Commission dated 14 January 1997 and the Deed of Variation dated 12 July 2013. The Charity is registered with the Charity Commission for England and Wales with registration number 296042. The Charity is registered with the Office of the Scottish Charity Regulator in Scotland with number SC037889.

### **Trustees**

The following Trustees were in office at the date on which this report was approved and served throughout the year to 31 December 2022.

<b>Trustee</b>	<b>Appointed/ resigned</b>
<b>Sister Angela Grant fsp (Delegate Superior)</b>	
<b>Sister Gregoria Mignolli fsp</b>	(Resigned May 2022)
<b>Sr Florence Wahome fsp</b>	(Appointed May 2022)
<b>Sister Elaine Penrice fsp (Secretary)</b>	
<b>Sister Mary Ann Salvilla fsp (Bursar)</b>	

The Trustees are all members of the Congregation in Great Britain. They are well versed in the charism of the Congregation and are selected for their personal qualities and their understanding and experience of the works and ministries of the Daughters of St Paul. Together they form a good skills mix and act as a board. They are ultimately responsible for the policies, activities and assets of the charity. When necessary, the Trustees seek advice and support from the charity's professional advisers. They attend the meetings of the Conference of Religious in England & Wales, Conference of Religious in Scotland, the Catholic Charity Conference and meetings of the Association of Provincial Bursars. In planning activities, the Trustees keep in mind at all times the Charity Commission's guidance on Public Benefit.

### **Statement of Trustees' responsibilities**

The Trustees are responsible for preparing the Trustees' report and the accounts 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 in Scotland requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, 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 their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102);
- ♦ make judgements and estimates that are reasonable and prudent;

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

### ***Statement of Trustees' responsibilities*** (continued)

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departure disclosed and explained in the accounts; and
- ◆ prepare the accounts 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 accounts comply with the Charities Act 2011, applicable Charities (Accounts and Reports) Regulations, the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, and the provisions of the charity's trust deed. 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.

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

### ***Structure and management reporting***

The Government of Delegation controls the activities of the charity within the following departments:

- ◆ Editorial/production: researching new products and arranging for their production and launch;
- ◆ Graphic design: an in-house origination and design service for new products, web pages and advertising;
- ◆ Wholesale sales at Liverpool: a warehouse operation, serving wholesale and retail outlets, Church, and educational establishments.
- ◆ Retail sales: the retail operation of the Pauline Books & Media Centres in London, Liverpool, Newcastle upon Tyne and Glasgow;
- ◆ Marketing and publicity: market research, product publicity and trade exhibitions;
- ◆ Central administration: secretarial, accounting, finance and computer services;
- ◆ Website [www.pauline-uk.org](http://www.pauline-uk.org); and [www.paulinemission.org](http://www.paulinemission.org)
- ◆ Communities' administration of the religious and private lives of the sisters.

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

### ***Structure and management reporting*** (continued)

The Trustees hold regular meetings throughout the year and examine the Trustees' report and accounts. Special meetings are called to approve capital expenditure, policies regarding employment of lay staff, risk management, health and safety matters, updating reserves policy, and so on. All Trustees' meetings are held at the Pauline Books Media Centre, 84 Church Street, Liverpool L1 3AY. The Trustees regularly report to, and are accountable to, the General Government of the Congregation in Rome and require that Government's agreement for property transactions and the spending of large sums of money.

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

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation and whilst their living and personal expenses are borne by the charity, they receive no remuneration or reimbursement of expenses in connection with their duties to the charity.

### ***Members of the Delegation***

At the end of 2022 there were 17 sisters in the British Delegation who live as part of 3 communities; 1 in Slough and 2 communities in Liverpool.

The average age of the sisters in 2021 was 69.47 years. The sisters do not receive a wage for their services. They continue to serve the Lord joyfully and in a spirit of prayer and in view of the common good. They use the wisdom and experience of the years as they hold administrative and responsible posts within the central administration, production and retail departments. Care for the elderly sisters and sick members of the Delegation is a priority for the Trustees.

### ***Employees***

The charity employs 12 part-time employees:

- ◆ 1 person in accounts / administration.
- ◆ 11 persons to assist in the various retail/distribution services in the 5 locations.

The charity is an equal opportunities employer and will apply 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.

The Trustees recognise that the laity are an integral part of building up the Kingdom of God and that they have their vocation and their rights to be involved in mission.

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

***Employees*** (continued)

Pauline Books & Media is required to provide a workplace pension for all employees who meet the criteria governing automatic enrolment. The scheme, for which Aviva is the provider, has become a qualifying scheme for automatic enrolment purposes. Pauline Books & Media remains committed to adhering to the ongoing requirements governing automatic enrolment.

Signed on behalf of the Trustees:

Trustee                      Sister Angela Grant

Approved on:              21st June 2023

## **Independent auditor's report to the members of The Pious Society of the Daughters of St Paul**

### **Opinion**

We have audited the accounts of The Pious Society of the Daughters of St Paul (the 'charity') for the year ended 31 December 2022, which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2022 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 Charities Act 2011, the 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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 accounts 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 and Accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

**Matters on which we are required to report by exception**

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

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; 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, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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.

***How the audit was considered capable of detecting irregularities including fraud***

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

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the charity through discussions with management and representatives from the trustees and from our knowledge and experience of the charity sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011 and Regulations made under that Act; the Charities and Trustee Investment (Scotland) Act 2005; the Charities Accounts (Scotland) Regulations 2006; Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102); and
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and those charged with governance and review of minutes of trustees' meetings.

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

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



**Auditor's responsibilities for the audit of the accounts (continued)*****How the audit was considered capable of detecting irregularities including fraud (continued)***

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

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested and reviewed journal entries to identify unusual transactions;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

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

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

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.

We did not identify any irregularities, including fraud.

A further description of our responsibilities for the audit of the accounts 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 our report**

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act and in accordance with section 44 (l)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

13 July 2023

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

**Statement of financial activities** Year to 31 December 2022

	Notes	Unrestricted funds	
		2022 £	2021 £
<b>Income from:</b>			
Donations	1	80,549	82,655
Bank interest	2	3,296	19
Charitable activities			
. Communications media income	3	679,759	509,396
Other sources			
. Gain on disposal of tangible fixed assets	10	5,974,084	200
. Foreign exchange gains		152,715	152,282
. Coronavirus Job Retention Scheme funding		—	22,423
<b>Total income</b>		<b>6,890,403</b>	<b>766,975</b>
<b>Expenditure on:</b>			
Charitable activities			
. Spreading the Gospel through communications media	4	1,215,709	1,037,652
Other items			
. Loss on disposal of tangible fixed assets	10	38,899	—
. Foreign exchange losses		220,692	71,478
<b>Total expenditure</b>		<b>1,475,300</b>	<b>1,109,130</b>
<b>Net income (expenditure) and net movement in funds</b>	7	<b>5,415,103</b>	<b>(342,155)</b>
<b>Reconciliation of funds</b>			
Total funds brought forward at 1 January 2022		4,488,818	4,830,973
Total funds carried forward at 31 December 2022		<b>9,903,921</b>	<b>4,488,818</b>

All of the charity's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the statement of financial activities.

**Balance sheet** 31 December 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible assets	10		<b>3,557,454</b>		5,972,658
<b>Current assets</b>					
Stocks	11	<b>181,014</b>		177,387	
Debtors	12	<b>67,602</b>		79,357	
Cash at bank and in hand		<b>7,190,229</b>		290,068	
		<b>7,438,845</b>		546,812	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	13	<b>(1,092,378)</b>		(2,030,652)	
<b>Net current assets (liabilities)</b>			<b>6,346,467</b>		(1,483,840)
<b>Total net assets</b>			<b>9,903,921</b>		4,488,818
<b>The funds of the charity:</b>					
Unrestricted funds					
. Tangible fixed assets fund	14	<b>2,673,067</b>			4,161,314
. Designated funds	15	<b>4,000,000</b>			—
. General fund		<b>3,230,854</b>			327,504
		<b>9,903,921</b>			4,488,818

Approved by the Trustees  
and signed on their behalf by:

Trustee                      Sister Angela Grant

Approved on:              21st June 2023

## Statement of cash flows Year to 31 December 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(501,521)	(515,095)
<b>Cash flows from investing activities:</b>			
Bank interest received		3,296	19
Purchase of tangible fixed assets		(59,657)	(979,150)
Disposal of tangible fixed assets		8,385,000	200
<b>Net cash provided by (used in) investing activities</b>		<b>8,328,639</b>	<b>(978,931)</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		—	661,252
Cash outflows from repayment of borrowings		(926,957)	—
<b>Net cash (used in) provided by financing activities</b>		<b>(926,957)</b>	<b>661,252</b>
<b>Change in cash and cash equivalents in the year</b>		<b>6,900,161</b>	<b>(832,774)</b>
<b>Cash and cash equivalents at 1 January 2022</b>	B	<b>290,068</b>	<b>1,122,842</b>
<b>Cash and cash equivalents at 31 December 2022</b>	B	<b>7,190,229</b>	<b>290,068</b>

### Notes to the statement of cash flows for the year to 31 December 2022.

#### A Reconciliation of net expenditure to net cash used in operating activities

	2022 £	2021 £
<b>Net expenditure (as per the statement of financial activities)</b>	<b>5,415,103</b>	<b>(342,155)</b>
<b>Adjustments for:</b>		
Depreciation charge	139,696	136,271
Interest receivable	(3,296)	(19)
Gain on disposal of tangible fixed assets	(6,088,729)	(200)
Loss on disposal of tangible fixed assets	38,899	—
Decrease in stocks	(3,627)	69,829
Decrease in debtors	11,755	68,517
Decrease in creditors	(11,322)	(447,338)
<b>Net cash used in operating activities</b>	<b>(501,521)</b>	<b>(515,095)</b>

#### B Analysis of changes in net debt

	2021 £	Cash flows £	2022 £
<b>Cash and cash equivalents</b>			
Cash at bank and in hand	290,068	6,900,161	<b>7,190,229</b>
<b>Borrowings</b>			
Loans due within one year	(1,811,344)	926,957	<b>(884,387)</b>
<b>Total cash and cash equivalents net of borrowings</b>	<b>(1,521,276)</b>	<b>7,827,118</b>	<b>6,305,842</b>

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

**Basis of preparation**

These accounts have been prepared for the year to 31 December 2022 with comparative information provided in respect to the year to 31 December 2021.

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

The accounts 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

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

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

**Critical accounting estimates and areas of judgement**

Preparation of the accounts requires the Trustees to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- ◆ the useful economic lives attributed to tangible fixed assets used to determine the annual depreciation charge;
- ◆ the provision made in respect to slow moving or obsolete stock which has been determined through a review of sales patterns for all stock lines;
- ◆ the provision required for any bad or doubtful debts which has been determined following an assessment of the likelihood of recovery of long-standing debts; and
- ◆ the assumptions adopted in estimating the ideal level of the sisters' retirement reserve; and
- ◆ The estimation of future income and expenditure flows for the purpose of assessing going concern (see below).

### **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 at least a period of at least one year from the date of approval of these financial statements.

The financial impact of the Coronavirus pandemic on the charity's income was significant because of the need to close the bookshops during the national lockdowns. During this period, income was reduced to donations, income from the stipend of a sister working for the national church, and the income from sales on the Pauline Books & Media website.

Savings were made, however, chiefly due to the furloughing of staff and reduced overheads arising from book centre closures. A positive impact on cash flow arose due to the inability of the charity, in many cases, to purchase new stock for the book centres (with suppliers often closed for business too). Savings were made, by reducing community expenses to essentials.

The re-opening of Pauline Books & Media centres has resulted in income increasing albeit not to pre-pandemic levels. Inevitably, costs have also risen and there has been increased pressure on gross margins. The downward trend is likely to be exacerbated by:

- ◆ the macroeconomic and geopolitical climate and the resultant inflationary pressures – particularly on utility bills and salaries;
- ◆ increased unemployment within communities served by the book centres;
- ◆ continuing concerns over the transmission of Covid-19 and the safety of the High Street in general;
- ◆ a change of routine and purchasing habits. Consumers will have become accustomed to online shopping and footfall is not expected to return to pre-pandemic levels.

In light of this, the Trustees have taken the following action:

- ◆ Purchased another house in Liverpool that is better suited to the needs of the older sisters. Liverpool provides both for a more affordable location and proximity to the main mission centre of the Daughters of St Paul.

The Trustees have also:

- ◆ Disposed of the property at Langley, Slough. This sale completed on 20 June 2022 with the gross proceeds being £3,735,000;
- ◆ Disposed of the property in Kensington, London. This sale completed on 10 November 2022 with gross proceeds being £4,650,000.
- ◆ Found a new non-retail base in London to maintain the Sisters' mission presence in the capital.

**Assessment of going concern** (continued)

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, following the property disposals, 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 and the amount can be measured with reasonable certainty. 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 includes income from donations, bank interest, charitable activities and other income being the gain on the disposal of tangible fixed assets, foreign exchange gains and income from the Coronavirus Job Retention Scheme.

Donations, including salaries and pensions of individual religious received under Gift Aid or deed of covenant, 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.

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

Income from charitable activities relates to the turnover derived from the charity's primary purpose trading activity, principally the sale of religious book, media and artefacts. The income is recognised when the significant risks and rewards of ownership have transferred to the buyer. This is usually when the stock has been dispatched to the customer.

A gain (or loss) on the disposal of tangible fixed assets is defined as the difference between the sale proceeds and the net book value of the asset at the time of disposal and after deducting any costs associated with the disposal. The gain (or loss) is recognised at the time when legal completion of the sale takes place.

Income in connection with the Coronavirus Job Retention Scheme and income in respect to Local Government support grants for Covid-19 is recognised as income in the period in which the charity is entitled to the income, the amount of income can be measured reliably and it is probable that the income will be received.

See "foreign currencies" below for details relating to foreign exchange gains and losses.



### Services provided by members of the Congregation

For the purposes of these accounts, no value has been placed on the administrative and other services provided by the members of the Congregation.

### 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.

### Expenditure recognition (continued)

All expenditure is accounted for on an accruals basis. The majority of expenditure is directly attributable and any apportionment between headings is negligible. The classification between activities is as follows:

- ◆ Expenditure on charitable activities comprises the direct cost of goods sold in relation to the charity's primary purpose trading activity as well as the cost of the living and personal expenses of the sisters.

Indirect support costs are wholly allocated to the cost of charitable activities and include staff costs, depreciation, governance costs and other overheads including those in relation to the running and upkeep of the book centres and the central office. Governance costs relate to the costs of public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

- ◆ Other expenditure which includes losses made on the disposal of tangible fixed assets and foreign exchange losses.

### Pension costs

Contributions to employees' group personal pension plans and the charity's workplace pension scheme are debited to the statement of financial activities in the year in which they are payable.

### Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Tangible fixed assets are capitalised and depreciated at the following annual rates on a straight line basis in order to write them off over their estimated useful lives:

- |                                   |               |
|-----------------------------------|---------------|
| ◆ Freehold buildings              | 2% per annum  |
| ◆ Fixtures and fittings           | 10% per annum |
| ◆ Computer software and equipment | 20% per annum |
| ◆ Motor vehicles                  | 20% per annum |

**Tangible fixed assets** (continued)

No depreciation has been charged on refurbishment works until these are complete.

Freehold land and buildings purchased on or prior to 17 June 1997 are included in the accounts at a valuation carried out by Gerald Eve LLP, Chartered Surveyors and property consultants, at that date. In accordance with the transitional provisions of FRS 102, the 1997 valuation is now deemed to be cost. Land and buildings purchased on or after 18 June 1997 and all other tangible fixed assets are included on the balance sheet at cost.

**Stocks**

Stocks of finished goods and goods for resale are valued at the lower of cost and net realisable value after making due allowance for obsolescence.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They 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 accounting**

The tangible fixed assets fund comprises the net book value of charity's tangible fixed assets, the existence of which is fundamental to the charity being able to perform its charitable work and thereby achieve its charitable objectives. The value represented by such assets should not be regarded, therefore, as realisable.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

**Leased assets**

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

**1 Donations and legacies**

	2022 £	2021 £
Salaries and pensions of individual religious received under Gift Aid or Deed of Covenant	36,636	47,198
Donations	43,913	35,457
	<b>80,549</b>	<b>82,655</b>

**2 Bank interest**

	2022 £	2021 £
Interest receivable	3,296	19

**3 Communications media income**

	2022 £	2021 £
Turnover from trading activities	679,664	509,372
Royalties and copyright income	95	24
	<b>679,759</b>	<b>509,396</b>

**4 Spreading the Gospel through communications media**

	2022 £	2021 £
Costs of goods sold	383,117	322,489
Community living and personal expenses	187,973	102,242
Property repairs	—	61,680
Support costs (note 5)	644,619	551,241
	<b>1,215,709</b>	<b>1,037,652</b>

**5 Support costs**

	2022 £	2021 £
Staff costs (note 8)	130,680	131,881
Depreciation	139,696	136,271
Book centre and office expenses	359,273	268,599
Governance costs (note 6)	14,970	14,490
	<b>644,619</b>	<b>551,241</b>

**6 Governance costs**

	2022 £	2021 £
Auditor's remuneration	14,970	14,490

## 7 Net income (expenditure) and net movement in funds

This is stated after charging:

	2021 £	2020 £
Staff costs (note 8)	130,680	186,383
Auditor's remuneration		
. Statutory audit services	14,970	14,410
Rentals under operating leases	3,375	4,500
Depreciation	139,696	163,397

## 8 Staff costs and remuneration of key management personnel

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	126,833	127,479
Social security costs	1,246	982
Other pension costs	2,601	3,420
	130,680	131,881

The average number of employees during the year, analysed by function, both on an average headcount and full-time equivalent (FTE) basis, was as follows:

	2022 FTE	2020 FTE	2022 Average number	2021 Average number
Charitable activities				
. Spreading the Gospel through communications media	7	7	13	13

No employees earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year (2021 – none).

The Trustees (including the Delegate Superior and Bursar) consider that they alone comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

The Trustees are all members of the Delegation and whilst their living and personal expenses are borne by the charity they receive no remuneration or reimbursement of expenses in connection with their duties to the charity (2021 – £nil).

## 9 Taxation

The Pious Society of the Daughters of St Paul is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

**10 Tangible fixed assets**

	Freehold land and buildings £	Fixtures and fittings £	Computer software and equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2022	7,688,097	701,008	465,600	34,565	<b>8,889,270</b>
Additions	52,808	6,040	809	—	<b>59,657</b>
Disposals	(3,871,748)	(454,163)	(415,275)	(7,200)	<b>(4,748,386)</b>
Reclassification	(152,890)	152,890	—	—	<b>—</b>
At 31 December 2022	<u>3,716,267</u>	<u>405,775</u>	<u>51,134</u>	<u>27,365</u>	<u><b>4,200,541</b></u>
At historic cost	3,567,007	405,775	51,134	27,365	<b>4,051,281</b>
At deemed cost (1997 valuation)	149,260	—	—	—	<b>149,260</b>
	<u>3,716,267</u>	<u>405,775</u>	<u>51,134</u>	<u>27,365</u>	<u><b>4,200,541</b></u>
<b>Depreciation</b>					
At 1 January 2022	1,809,196	618,178	457,549	31,689	<b>2,916,612</b>
Charge for the year	106,681	26,830	3,567	2,618	<b>139,696</b>
Disposals	(1,575,482)	(415,264)	(415,275)	(7,200)	<b>(2,413,221)</b>
At 31 December 2022	<u>340,395</u>	<u>229,744</u>	<u>45,841</u>	<u>27,107</u>	<u><b>643,087</b></u>
<b>Net book values</b>					
At 31 December 2022	<u>3,375,872</u>	<u>176,031</u>	<u>5,293</u>	<u>258</u>	<u><b>3,557,454</b></u>
At 31 December 2021	<u>5,878,901</u>	<u>82,830</u>	<u>8,051</u>	<u>2,876</u>	<u><b>5,972,658</b></u>

The charity's freehold land and buildings were revalued to open market value on 17 June 1997. The valuation was carried out by Gerald Eve LLP, chartered surveyors and property consultants. As permitted under the transitional arrangements of Financial Reporting Standard 102, the charity has continued to adopt a policy of not updating this valuation which is now deemed to be cost. With the exception of freehold land and buildings, all other assets are included above at historic cost.

It is likely that there are material differences between the open market values of the charity's land and buildings and their book values. These arise from the specialised nature of the properties and the effects of inflation. The amount of such differences cannot be ascertained without incurring significant costs which, in the opinion of the Trustees, is not justified in terms of the benefit to users of the accounts.

During the year, the charity disposed of two of its freehold properties giving rise to a gain on disposal of £5,974,084 (2021 – £nil). Other tangible fixed assets were disposed of during the year and resulted in an aggregate loss on disposal of £38,899 (2021 – gain of £200).

As at 31 December 2022, the Trustees had authorised, in principle, approximately £30,000 of capital expenditure in respect to the refurbishment of Flat 1/92 Saracen Street, Glasgow. There were no capital commitments as at 31 December 2021.

**11 Stocks**

	2022 £	2021 £
Finished goods and goods for resale	<b>181,014</b>	177,387

## 12 Debtors

	2022 £	2021 £
Trade debtors	20,580	22,329
Other debtors	623	12,290
Prepayments and accrued income	46,399	44,738
	<b>67,602</b>	<b>79,357</b>

## 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Loan from the Congregation's General Government	884,387	1,811,344
Other amounts due to the Congregation's General Government	70,591	51,131
Expense creditors	65,080	86,542
Payments due in respect of tangible fixed assets	—	31,219
Other creditors and accruals	53,535	32,551
Deferred income	18,785	17,865
	<b>1,092,378</b>	<b>2,030,652</b>

## 14 Tangible fixed assets fund

	Total 2022 £	Total 2021 £
At 1 January 2022	4,161,314	3,979,687
Net movement in tangible fixed assets in the year	(2,415,204)	842,879
Add: Repayment of loan towards the purchase of property	926,957	—
Less: Loan towards the purchase of property	—	(661,252)
At 31 December 2022	<b>2,673,067</b>	<b>4,161,314</b>

## 15 Designated fund

The funds of the charity include the following designated fund which has been set aside out of unrestricted funds by the Trustees for specific purposes:

	At 1 January 2022 £	New designations £	Transferred to general fund £	At 31 December 2022 £
Retirement fund	—	4,000,000	—	4,000,000

	At 1 January 2021 £	New designations £	Transferred to general fund £	At 31 December 2021 £
Retirement fund	800,000	—	(800,000)	—

The retirement fund comprises monies to apply towards the needs of caring for members of the Community in the longer term.

**16 Analysis of net assets between funds**

	General fund £	Designated fund £	Tangible fixed asset fund £	Total 2022 £
<b>Fund balances at 31 December 2022 are represented by:</b>				
Tangible fixed assets	—	—	3,557,454	3,557,454
Current assets	3,438,845	4,000,000	—	7,438,845
Creditors: amounts falling due within one year	(207,991)	—	(884,387)	(1,092,378)
<b>Total net assets</b>	<b>3,230,854</b>	<b>4,000,000</b>	<b>2,673,067</b>	<b>9,903,921</b>
	General fund £	Designated fund £	Tangible fixed asset fund £	Total 2021 £
<b>Fund balances at 31 December 2021 are represented by:</b>				
Tangible fixed assets	—	—	5,972,658	5,972,658
Current assets	546,812	—	—	546,812
Creditors: amounts falling due within one year	(219,308)	—	(1,811,344)	(2,030,652)
<b>Total net assets</b>	<b>327,504</b>	<b>—</b>	<b>4,161,314</b>	<b>4,488,818</b>

**17 Pension scheme**

The charity operates a group personal pension plan. The assets of the plan are held separately from those of the charity in independently administered funds. Employees may contribute 5% of their gross salary to the plan (before tax relief: effectively 4%), which is matched by an equal contribution from the charity. The pension cost charge represents contributions payable by the charity to the plans and amounted to £2,601 (2021 – £3,420).

**18 Ultimate control**

The charity, which is constituted as a trust, was controlled throughout the period by the Daughters of St Paul by virtue of the fact that the Superior General of the Congregation and her Council appoint the Trustees. The Daughters of St Paul in Great Britain do not hold any assets, incur liabilities or enter into any transactions in its own right. Assets and liabilities of the Congregation in Great Britain are vested in the Trustees of the charity, who undertake all transactions entered into in the course of the charitable activities of the Congregation in Great Britain.

**19 Related party transactions**

Income from donations includes the salaries and pensions of certain Trustees of the charity received under Gift Aid or Deed of Covenant. For the year ended 31 December 2022, the total value of these receipts amounted to £14,990 (2021 – £17,000). Other transactions with Trustees are disclosed in note 8.