

Charity Registration No. 509793

Company Registration No. 1400367 (England and Wales)

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mrs A McMullan Mr M Redfearn Canon Philip Moor Mrs C Smith Mrs C Lawrence RT Rev M Davies
Secretary	Mrs C Lawrence
Charity number	509793
Company number	1400367
Registered office	St Josephs Presbytery Wheatland Lane Wallasey England CH44 7ED
Auditor	Lewis Evans Partnership LLP The Oaks 3 Village Road West Kirby Wirral CH48 3JN
Bankers	The Royal Bank of Scotland 1 Dale Street Liverpool L2 2PP

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

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THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's governing document, the Companies Act 2006 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) (effective 1 January 2019)".

Objectives and activities

The Memorandum and Articles of Association established the aims and objectives of the Society to "fulfil the precepts of Catholic Social Teaching within the area of the Roman Catholic Diocese of Shrewsbury, particularly, but not exclusively, by providing services and facilities directed to children and families who are in need". The Trustees, under the Diocesan Bishop's direction, continue to work to promote the precepts of Catholic Social Teaching and any lawful charitable purposes, including education and relief of poverty and suffering, promoted or supported by the Church in the Diocese and beyond.

The majority of objectives were transferred to CARITAS Diocese of Shrewsbury from December 2016.

The key objective that remains is in respect of the Post Adoption Services (via Nugent Care) and fostering support for those tracing their personal histories. A secondary objective is the support of CARITAS Diocese of Shrewsbury, by the provision of expertise and knowledge through secondment.

All donations received continue to support the objectives of the Society.

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Charity should undertake.

Volunteers

As the Catholic Children's Society has changed its primary objectives to a primarily administrative charity the use of volunteers directly in its activities has also been transferred to CARITAS Diocese of Shrewsbury.

Achievements and performance

Charitable activities

With the objectives and activities of the Society being significantly reduced to that of an administrative charity, the performance has been in line with expectations and has fulfilled all of its obligations.

Financial review

Financial position

In common with other charities, the Society continues to face challenges in securing income to support its work.

The charity, as already stated, has transferred most of its activities to CARITAS Diocese of Shrewsbury save for those around adoption and support for those who wish to trace their histories.

As such a significant element of income arises from secondment for those employees who cannot be effectively transferred within the transfer deed without creating significant financial risk to the Society.

This financial risk arises from the defined benefits pension scheme and its current deficit of £347,000 (2020 - £312,000) as noted within these financial statements. To mitigate this position the charity has entered a long-term plan to reduce this shortfall in a managed and structured methodology to protect its financial viability and its core remaining objectives.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The long-term strategy of the charity in addressing the deficit is entering its second phase, and as a benefit of acting appropriately at the right time the cash implications over the next three years have been significantly reduced.

In terms of expenditure, £65,792 has been spent on charitable activities with most of this cost being on staff delivering the services of the Society at £53,636 (2020: £121,464).

The Trustees note that a deficit has been recorded for the year after adjustments for the defined benefit pension scheme of some £22,703 (2020: £110,939 surplus).

Turning to the Balance Sheet, the Trustees note that the Society retains positive net current assets of £26,211 (2020: £5,526) whilst the net assets are in deficit to £10,122. The Trustees have received assurances from the Diocese of Shrewsbury that interim support will be available until the future plans are in place.

Reserves policy

At 31 March 2021 the Society had a total of £10,122 in deficit (2020: £12,579), being restricted and unrestricted funds. The restricted funds total some £6,677 in deficit (2020: £6,252 in deficit). Further details are set out in Note 16 to the accounts.

With the impact of the pension deficit and the limited objectives of the Society the primary reserve policy is to generate sufficient reserves to meet the obligations of the repayment arrangement. We can confirm that this has been achieved for this financial period.

Risk Assessment and Risk Management

The Trustees have in place a risk management process to assess risks to which the Charity is exposed, in particular those relating to the operational areas, finances and investment assets. This involves assessing the likelihood and potential impact of occurrence and identifying means of mitigation. The Society has a rigorous safeguarding policy and activities are monitored for compliance.

Plans for future periods

The Society remains committed to the continued success of all of its objectives and responsibilities.

A key foundation stone to support the Society is to mitigate as much of the administrative cost to ensure the cost is reflective of its remaining objectives around adoption, by supporting CARITAS Diocese of Shrewsbury with its core objectives and improving its revenue streams.

Structure, governance and management

Governing document

The Catholic Children's Society is a registered charity, number 509793. It was established as a company limited by guarantee on 16 November 1978 and the governing documents are its memorandum and articles of association, as amended by special resolutions dated 13 December 1989, 21 September 1999 and 29 November 2001. On incorporation the Society became the successor organisation to The Shrewsbury Catholic Protection and Rescue Society, which was dissolved shortly after.

The Society operates within the area of the Diocese of Shrewsbury, which has 93 parishes (along with 28 other churches and chapels) and 106 Catholic Schools in Cheshire, Shropshire and parts of Derbyshire, Merseyside and Greater Manchester.

The Board of Trustees confirm that they have complied with the duty in the Charities Act 2011 section 17 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs A McMullan
Mr M Redfearn
Canon Philip Moor
Mrs C Smith
Mrs C Lawrence
RT Rev M Davies

The affairs of the Charity are governed by the Trustees under the chairmanship of the Bishop. All Trustees are appointed and removed by the Bishop who is empowered to do so by the Trust Deed. The Board consists of two clergy and four lay members. The clergy Trustees are appointed for their expertise in parochial, spiritual and pastoral matters. The lay Trustees are selected for their skills and experience in business, management and property. Further lay trustees would be chosen to match any perceived skill requirement. New Trustees are provided with the terms of reference and a pack of information relating to the constitution, governance and operation of the Trust. In order to ensure that the Trustees have the necessary up to date knowledge to govern the Charity, the Chair of Trustees has instigated a programme of trustee training, delivered by suitably qualified and experienced Individuals. The Board has established various sub-committees to advise it on aspects of the Trust's activities. The Bishop has also established certain commissions and councils to provide advice in other areas.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute an amount not exceeding £5 in the event of a winding up.

Connected Charities

The Roman Catholic Diocese of Shrewsbury is a separately registered charitable trust, Registration No 234025, and the Society operates from Diocesan property, rent free.

CARITAS Diocese of Shrewsbury is a separately registered charitable trust, Registration No 1169317, and the Society provides through secondment and at cost non-transferrable staff.

Auditor

In accordance with the company's articles, a resolution proposing that Lewis Evans Partnership LLP be reappointed as auditor of the company will be put at a General Meeting.

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.

The trustees' report was approved by the Board of Trustees.

Mrs C Lawrence

Trustee

Dated: 8 December 2021

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also the directors of The Catholic Children's Society (Shrewsbury Diocese) Inc. for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

Opinion

We have audited the financial statements of The Catholic Children's Society (Shrewsbury Diocese) Inc. (the 'Charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees, who are also the directors of the Charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

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

The key objectives of our audit are to identify and assess the risks of material misstatement within the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charitable company, we identified that the principal risks of non-compliance with laws and regulations related to potential breaches of the applicable regulations for charities, and we considered the extent to which non compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice applicable to charities and the Companies Act 2006

We have also considered the incentives and potential opportunities for manipulation of the financial statements (including the risk of override of controls), and the principal risk areas were considered to include journal entries which could manipulate results as well as potential management bias in accounting estimates and judgemental areas of the financial statements, such as the pension liabilities.

Audit procedures performed by the engagement team included:

- Obtaining an understanding of how the charitable company is complying with the legal and regulatory frameworks by making enquiries of the Board and other management.
 - Requesting and reviewing the minutes of meetings of those charged with governance.
 - Reviewing any relevant regulatory data and internal compliance reporting in so far as they relate to potential non-compliance with laws and regulations and fraud.
 - Identifying and testing journal entries, in particular material year-end adjustments and any unusual journal entries that result in an increased risk.
 - Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur.
- Audit procedures performed included:
- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for the override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgments made by management in its significant accounting estimates;
 - reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
 - identifying and testing journal entries and other adjustments for appropriateness, and evaluating the rationale for any significant transactions outside of normal activities; and
 - assessing the extent of compliance with the relevant laws and regulations.

There are inherent limitations in the audit procedures described above and there remains an unavoidable risk that material misstatements in the financial statements might not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). We are less likely to become aware of instances of non compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from an error, as fraud may involve deliberate concealment or intentional misrepresentation.

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.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

Use of our report

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

Simon Evans FCA (Senior Statutory Auditor)
for and on behalf of Lewis Evans Partnership LLP

8 December 2021

Chartered Accountants
Statutory Auditor

The Oaks
3 Village Road
West Kirby
Wirral
CH48 3JN

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
	Notes						
Income from:							
Donations and legacies	3	25,987	-	25,987	18,945	-	18,945
Charitable activities	4	24,636	25,466	50,102	78,879	24,871	103,750
Total income		<u>50,623</u>	<u>25,466</u>	<u>76,089</u>	<u>97,824</u>	<u>24,871</u>	<u>122,695</u>
Expenditure on:							
Charitable activities	5	40,326	25,466	65,792	111,310	24,446	135,756
Net interest cost	9	7,000	-	7,000	9,000	-	9,000
Total resources expended		<u>47,326</u>	<u>25,466</u>	<u>72,792</u>	<u>120,310</u>	<u>24,446</u>	<u>144,756</u>

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

Net incoming/(outgoing) resources before transfers	3,297	-	3,297	(22,486)	425	(22,061)
Gross transfers between funds	425	(425)	-	-	-	-
Net income/(expenditure) for the year/ Net incoming/(outgoing) resources	3,722	(425)	3,297	(22,486)	425	(22,061)
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	(26,000)	-	(26,000)	133,000	-	133,000
Net movement in funds	(22,278)	(425)	(22,703)	110,514	425	110,939
Fund balances at 1 April 2020	18,833	(6,252)	12,581	(91,683)	(6,677)	(98,360)
Fund balances at 31 March 2021	<u>(3,445)</u>	<u>(6,677)</u>	<u>(10,122)</u>	<u>18,831</u>	<u>(6,252)</u>	<u>12,579</u>

The statement of financial activities includes all gains and losses recognised in the year.

From 9 December 2016, the family support work of Catholic Children's Society was moved to Caritas. The only ongoing charitable activities are the adoption support works.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		310,667		319,053
Current assets					
Debtors	11	9,951		2,977	
Cash at bank and in hand		22,290		16,313	
		<u>32,241</u>		<u>19,290</u>	
Creditors: amounts falling due within one year	12	<u>(6,030)</u>		<u>(13,764)</u>	
Net current assets			26,211		5,526
Total assets less current liabilities			336,878		324,579
Provisions for liabilities			<u>(347,000)</u>		<u>(312,000)</u>
Net (liabilities)/assets			<u><u>(10,122)</u></u>		<u><u>12,579</u></u>
Income funds					
Restricted funds	15		(6,677)		(6,252)
Unrestricted funds			<u>(3,445)</u>		<u>18,831</u>
			<u><u>(10,122)</u></u>		<u><u>12,579</u></u>

The financial statements were approved by the Trustees on 8 December 2021

Mrs C Lawrence
Trustee

Company Registration No. 1400367

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

The Catholic Children's Society (Shrewsbury Diocese) Inc. is a private charitable company limited by guarantee incorporated in England and Wales. The registered office is St Josephs Presbytery, Wheatland Lane, Wallasey, CH44 7ED, England.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charity's governing document, the Companies Act 2006 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) (effective 1 January 2019)". The Charity is a Public Benefit Entity as defined by FRS 102.

The Charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

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

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

1.2 Going concern

The Trustees have considered the future trading of the Charity. The Charity is dependent upon the continued support of the Diocese of Shrewsbury in order that it can meet its liabilities as they fall due. The Trustees expect the Diocese to continue to support the Charity for the foreseeable future. Taking this support into account, at the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity 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 financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

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 financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the Charity.

1.4 Income

Income is recognised when the Charity 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.

Cash donations are recognised on receipt. Other donations are recognised once the Charity 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.

Legacies are recognised on receipt or otherwise if the Charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Expenditure

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 a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

1.6 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to property	2% on cost
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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 recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the Charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 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.

1.9 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

The charity operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charitable company, being with the Merseyside Pension Fund. This scheme has now been closed to new employees.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in income/(expenditure) for the year.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other recognised gains and losses in the period in which they occur and are not reclassified to income/(expenditure) in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the Charity'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.

3 Donations and legacies

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Donations and gifts	18,510	18,864
Legacies receivable	7,477	81
	<u>25,987</u>	<u>18,945</u>

4 Charitable activities

	2021	2020
	£	£
Amounts received for staff under secondment	<u>50,102</u>	<u>103,750</u>
Analysis by fund		
Unrestricted funds	24,636	78,879
Restricted funds	25,466	24,871
	<u>50,102</u>	<u>103,750</u>

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Charitable activities

	2021 £	2020 £
Staff costs	22,841	25,439
Share of support costs (see note 6)	39,310	104,947
Share of governance costs (see note 6)	3,641	5,370
	<u>65,792</u>	<u>135,756</u>
Analysis by fund		
Unrestricted funds	40,326	111,310
Restricted funds	25,466	24,446
	<u>65,792</u>	<u>135,756</u>

6 Support costs

	Support costs £	Governance costs £	2021 Support costs £	Governance costs £	2020 £
Staff costs	30,795	-	30,795	96,025	96,025
Depreciation	8,388	-	8,388	8,388	8,388
Motor and travel	-	-	-	332	332
Insurance costs	92	-	92	167	167
Sundries	35	-	35	35	35
Audit fees	-	3,000	3,000	-	3,000
Legal and professional	-	641	641	-	2,370
	<u>39,310</u>	<u>3,641</u>	<u>42,951</u>	<u>104,947</u>	<u>110,317</u>
Analysed between					
Charitable activities	39,310	3,641	42,951	104,947	110,317

All support and governance costs have been allocated to charitable activities. The majority of the staff costs of the charity are funded by Caritas Diocese of Shrewsbury for staff seconded to the related charity.

7 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the year.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Charitable activities	2	3
	<u>2</u>	<u>3</u>
Employment costs	2021	2020
	£	£
Wages and salaries	37,095	80,656
Social security costs	2,696	4,559
Other pension costs	13,845	36,249
	<u>53,636</u>	<u>121,464</u>
	<u>53,636</u>	<u>121,464</u>

There were no employees whose annual remuneration was £60,000 or more.

9 Net interest cost

	Unrestricted funds £ 2021	Unrestricted funds £ 2020
Net interest on pension scheme balances	7,000	9,000
	<u>7,000</u>	<u>9,000</u>
	<u>7,000</u>	<u>9,000</u>

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Tangible fixed assets

	Improvements to property £
Cost	
At 1 April 2020	419,426
At 31 March 2021	419,426
Depreciation and impairment	
At 1 April 2020	100,373
Depreciation charged in the year	8,386
At 31 March 2021	108,759
Carrying amount	
At 31 March 2021	310,667
At 31 March 2020	319,053

The property improvements are in respect of St Aidan's Centre, Wythenshawe, which remains in use for charitable purposes.

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	9,951	2,977

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Other taxation and social security	641	1,808
Other creditors	1,121	3,497
Accruals and deferred income	4,268	8,459
	6,030	13,764
Provisions for liabilities		
	2021 £	2020 £
	Notes	
Retirement benefit obligations	14	
	347,000	312,000
	347,000	312,000

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Retirement benefit schemes

Defined benefit schemes

Key assumptions

	2021	2020
	%	%
Discount rate	2.4 - 2.1	2.4 - 2.4
Expected rate of increase of pensions in payment	2.2 - 2.8	2.2 - 2.3
Expected rate of salary increases	3.6 - 4.2	3.6 - 3.7
CPI inflation / CARE benefits revaluation	2.1 - 2.7	2.1 - 2.2

Mortality assumptions

The assumed life expectations on retirement at age 65 are:

	2021	2020
	Years	Years
Retiring today		
- Males	21	20.9
- Females	24.1	24
Retiring in 20 years		
- Males	22.6	22.5
- Females	26	25.9

Amounts recognised in the profit and loss account:

	2021	2020
	£	£
Current service cost	13,000	31,000
Net interest on defined benefit liability/(asset)	7,000	9,000
Other costs and income	-	5,000
Total costs	20,000	45,000

Amounts taken to other comprehensive income:

	2021	2020
	£	£
Actual return on scheme assets	(203,000)	32,000
Less: calculated interest element	35,000	37,000
Return on scheme assets excluding interest income	(168,000)	69,000
Actuarial charges related to obligations	194,000	(202,000)

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Retirement benefit schemes

(Continued)

The amounts included in the balance sheet arising from the Charity's obligations in respect of defined benefit plans are as follows:

	2021 £	2020 £
Present value of defined benefit obligations	1,989,000	1,820,000
Fair value of plan assets	(1,642,000)	(1,508,000)
Deficit in scheme	347,000	312,000

Movements in the present value of defined benefit obligations:

	2021 £
Liabilities at 1 April 2020	1,820,000
Current service cost	13,000
Benefits/transfers paid	(82,000)
Contributions from scheme members	2,000
Actuarial gains and losses	194,000
Interest cost	42,000
At 31 March 2021	1,989,000

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets:

	2021 £
Fair value of assets at 1 April 2020	1,508,000
Interest income	35,000
Return on plan assets (excluding amounts included in net interest)	168,000
Benefits/transfers paid	(82,000)
Contributions by the employer	11,000
Contributions by scheme members	2,000
At 31 March 2021	1,642,000

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Retirement benefit schemes

(Continued)

The fair value of plan assets at the reporting period end was as follows:

	2021 £	2020 £
Equity instruments	656,000	579,000
Debt instruments	484,000	447,000
Property	112,000	127,000
Cash/liquidity	90,000	50,000
Other	300,000	305,000
	<u>1,642,000</u>	<u>1,508,000</u>

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Transfers	Balance at
	Balance at 1 April 2019	Incoming resources	Resources expended	Balance at 1 April 2020	Incoming resources	Resources expended	31 March 2021	Balance at 31 March 2021
	£	£	£	£	£	£	£	£
Family Support Services	-	24,871	(24,446)	425	25,466	(25,466)	(425)	-
Adoption	(6,677)	-	-	(6,677)	-	-	-	(6,677)
	<u>(6,677)</u>	<u>24,871</u>	<u>(24,446)</u>	<u>(6,252)</u>	<u>25,466</u>	<u>(25,466)</u>	<u>(425)</u>	<u>(6,677)</u>

Funds received relating to adoption and family support services offered to schools in a specific area are treated as restricted.

Adoption

Historically, the Society has provided this service to families living within the Diocesan boundary. Files for families and children accessing this service must be kept for one hundred years. The Society has not employed an adoption worker for a number of years and has used Nugent Liverpool to carry out post adoption work for those seeking information and reunion with their birth families.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Analysis of net assets between funds

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2021	2021	2021	2020	2020	2020
	£	£	£	£	£	£
Fund balances at 31 March 2021 are represented by:						
Tangible assets	310,667	-	310,667	319,053	-	319,053
Current assets/(liabilities)	32,888	(6,677)	26,211	11,778	(6,252)	5,526
Provisions and pensions	(347,000)	-	(347,000)	(312,000)	-	(312,000)
	<u>(3,445)</u>	<u>(6,677)</u>	<u>(10,122)</u>	<u>18,831</u>	<u>(6,252)</u>	<u>12,579</u>

17 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	-	44,765

Transactions with related parties

During the year the Charity entered into the following transactions with related parties:

	Seconded staff income	
	2021	2020
	£	£
Entities with control, joint control or significant influence over the company	50,102	103,751
	<u>50,102</u>	<u>103,751</u>

Staff secondment and associated costs were recharged in the period to Caritas Diocese of Shrewsbury, a related charity, and are disclosed as charitable income. Caritas has made direct salary and associated payments in respect of the seconded staff.

The property improvements at St Aidan's Centre are used for charitable purposes by Caritas with no rental being charged.

At the end of the year, amounts of £1,121 (2020: £3,497) were owed to Caritas and are included within Other creditors.

THE CATHOLIC CHILDREN'S SOCIETY (SHREWSBURY DIOCESE) INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Ultimate controlling party

The Charity is under the control of the Trustees. Under certain circumstances the Bishop of Shrewsbury, as permanent Chair of the Charity, has a casting vote under the Articles of Association.

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