

02/09/20

Charity number: 1128129
Company number: 06725178 (England and Wales)
Incorporating:
The Matthew Hodder Charitable Trust and
The Bookbinders Charitable Society

The Book Trade Charity (BTBS)

Annual Report and Financial Statements to 31 December 2019



The Book Trade Charity (BTBS)

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Patrons and advisers

President

URSULA MACKENZIE

Patrons

NIGEL BATT
KIP BERTRAM
EDWIN BUCKHALTER
JOHN ELSLEY
CHRISTOPHER FOYLE
TREVOR HING
TIMOTHY WRIGHT

Auditor

Buzzacott LLP, 130 Wood Street, London, EC2V 6DL

Bankers

Unity Trust Bank PLC, Nine Brindleyplace, Birmingham, B1 2HB

Solicitors

Sherrards LLP, 4 Beaconsfield Road, St Albans, Hertfordshire, AL1 3RD

Investment Advisers

Rathbone Investment Management, 8 Finsbury Circus, London, EC2M 7A2

Staff

Chief Executive (CEO): DAVID A HICKS
Operations Manager: GLENDA BARNARD
Finance & Administration Manager (p/t): NICKI CATTLE
Special projects (p/t): KEITH FOSTER

Registered company number: 06725178

Registered charity number: 1128129

Board of trustees

Chairman:

Jonathan Nowell

Vice Chairman:

Ann Woodhall

Honorary Treasurer:

Emily-jane Taylor

Trustees and Board members:

Jeremy Brinton
Elise Burns
Isobel Dixon
Kate McFarlan
David Neale
Fraser Tanner
Emily-jane Taylor
Ann Woodhall
Gemma Woodward

Company Secretary:

David Hicks

Sub-committee structure (as at 31 December 2019):

Finance:

Emily-jane Taylor (Chair), Paul Chapman,
Jonathan Nowell, Gemma Woodward

Grants and Housing Committee:

Ann Woodhall (Chair), Sally Atkinson, Marie Bucksey, Elise Burns, Ben Gutcher,
Fraser Tanner, Barbara Taylor

Registered Office: The Foyle Centre, The Retreat, Kings Langley, Hertfordshire, WD4 8LT
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The Book Trade Charity (BTBS)

Trustees' Report 2019

1. Introduction

This is the trustees' Report and Financial Statements for the year to 31 December 2019 as required by charity law and regulations and constitutes a directors' report for the purpose of company legislation.

The financial statements therein have been prepared in accordance with the accounting policies set out on pages 31 to 35 and comply with the charity's trust deed, the Charities Act 2011, 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

The trustees assert that this annual report shows BTBS' trustees and co-opted committee members are effective, offering appropriate skills, knowledge and experience in support of clear aims, values and objectives, reflecting the tenets of the Charity Governance Code.

This report shows a slight decrease in the number of applications for welfare support in 2019; the charity was consequently able to meet demand whilst keeping within budget. The report also shows a decrease in the number of young entrants housed at Bookbinders Cottages – this was the result of a temporary “winding down” of this provision to create vacancies for longstanding residents who would need to be relocated during the planned redevelopment of the site. The completion of these works will enable the charity to considerably increase its housing provision for young entrants in the longer term.

Other significant activities during the year also include:

- The appointment of Jonathan Nowell as Honorary Chairman of the Board of trustees.
- Continuing implementation of The General Data Protection Regulations (GDPR) which came into force in May 2018.
- Securing planning permission for the redevelopment project at the Bookbinders' estate in Whetstone and subsequent commencement of building works.

2. Governance, structure and responsibilities

2.1 Governing instrument.

The Book Trade Charity (BTBS) is a company limited by guarantee (06725178) and a registered charity (1128129). It was founded in 1837 and incorporated on 15 October 2008, with the Memorandum and Articles of Association (governing instrument) amended by special resolutions on 26 August 2009 and 16 July 2014. Memorandum and Articles of Association set out its objects which are summarised as:

- (a) to provide grants (welfare) and supported accommodation to anyone with a (UK) book trade connection (including bookbinding and allied trades) so as to relieve social and financial need, including the impact on families and individuals of sickness and illness;
- (b) to support new entrants to the book trade with accommodation and grants;

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Trustees' Report 2019

Governance, structure and responsibilities (continued)

- (c) to look for and support programmes of education and training which promote study, knowledge and appreciation of literature, publishing and the book trade and for the benefit of those who work in this trade.

2.2 Governance structure.

The charity is led and controlled by a Board of trustees (the Board). Each member of the Board is a trustee of the charity and a director of the company.

The Chairman chairs the Board (and any other sub-committee of the Board as required), acts as the principal interface between the Board and the Chief Executive and provides the Board with information, advice and support on strategic issues.

The Chief Executive is the senior member of staff, who reports to and is accountable to the Board for all operational matters, assisting the Board in its forward thinking and strategy.

2.3 The Board's responsibilities.

In directing the organisation, ensuring it is effectively managed and delivering the outcomes for which it was founded, the trustees' responsibilities are to:

- comply with the objects and purposes as set out in the governing instrument;
- approve policies, plans and budgets in support of its aims and objectives;
- ensure the organisation is solvent and well run with appropriate controls and delegated powers;
- scrutinise all activities of the charity;
- comply with all charity and company laws and regulations on good governance; and
- approve financial statements, ensuring these give a true and fair picture of the charity's position;
- report to the Charity Commission serious incidents (2019: none);
- appoint a Data Protection Lead (GDPR) (Ann Woodhall)

2.4 Board members and their statutory responsibilities.

A list of trustees is shown on page 2.

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with

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Trustees' Report 2019

2. Governance, structure and responsibilities (continued)

2.4 Board members and their statutory responsibilities (continued)

the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);

- make judgements and accounting 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each trustee is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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

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

2.5 Appointments to the Board.

All appointments are subject to approval by the Board. Names are put forward to fill a vacancy which arises from resignation or retirement (under the provisions of the governing instrument). The Board considers individuals whose skills, knowledge and experience meet the needs of the organisation with regard to:

- book trade knowledge and networks, charity governance and law, and the benevolent fund charity sector
- welfare, education, training and housing
- finance, asset management and investments
- fundraising and marketing
- staff HR, health and safety.

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Trustees' Report 2019

2. Governance, structure and responsibilities (continued)

2.5 Appointments to the Board (continued)

Induction – new trustees meet other trustees and staff to discuss the work of the charity and the expectations, duties and responsibilities of the role. Appropriate information and documentation is supplied.

Training – all trustees are encouraged to avail themselves of training courses and opportunities to meet others in the benevolent fund sector. During the year, Board members, Jeremy Brinton, Kate McFarlan, Jonathan Nowell, Fraser Tanner, Emily-jane Taylor and Ann Woodhall attended courses on charity finance and trustee responsibilities, as did staff members David Hicks, Glenda Barnard and Nicki Cattle. Glenda Barnard also attended courses on Tenancy Management with the National Landlords Association (NLA) and completed the ACEVO “Emerging Leaders” Programme”.

2.6 Sub-committees of the Board

The charity's sub-committees operate within terms of reference approved by the Board. There are two (Grants & Housing, and Finance) which review progress with activities and make recommendations to the Board, on policies, practices and procedures. There were no changes in the terms of reference, reporting processes and appointments.

2.7 The Board during 2019.

Jeremy Brinton was co-opted as a new trustee in March and elected to the Board at the AGM in June. David Graham came to the end of his three-year term and stood down as trustee. Elise Burns & Gemma Woodward following completion of their first terms, and Ann Woodhall (completing a second term) were all re-elected to the Board.

Arrangements and appointments to the Board and the senior staff structure were reviewed as part of the Board's responsibilities to ensure there is effective succession planning.

2.8 Appointment of an Honorary Chairman

As part of the Board's succession planning, Timothy Lambert, Executive Chairman, stood down from the Board in March 2019. Jonathan Nowell was nominated Honorary Chairman of the Board and his appointment ratified at the AGM in June. The Chairman's role is to:

- chair Board meetings and any other sub groups as required by the Board
- act as the interface between the Board and the Chief Executive
- assist the Board in ensuring compliance with statutory and regulatory obligations
- review and recommend to the Board any changes to the organisation's policies and procedures
- develop the scope and scale of activities.

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Trustees' Report 2019

2. Governance, structure and responsibilities (continued)

2.9 The President.

The President is appointed, usually for a term of three years, to:

- build and establish links with the book trade
- represent the charity at trade functions and events
- develop awareness of the organisation's values, aims and objectives
- use their influence to develop new income streams.

The President is neither a director nor a trustee but can, and does, attend Board meetings.

2.10 Key Management Personnel.

Key Management Personnel include the Chairman and all trustees, who are unpaid as above, plus the Chief Executive, who is paid.

The terms and conditions of employment of the Chief Executive and three other permanent staff members (one full-time and two part-time) were reviewed by the trustees and, in recognition of their increased responsibility and workload since the merger with Bookbinders Charitable Society in 2016, the Board recommended a pay increase for the Grants & Housing Manager and the Finance & Administration Manager which was implemented in September 2019. In assessing pay, the Board has regard to performance, the financial position of the charity, the rate of inflation at mid-year, local (to Kings Langley) and book trade pay rates and, in the case of the Chief Executive, guidance from The Association of Chief Executives of Voluntary Organisations.

In preparation for the succession plan to appoint a new Chief Executive in 2020 and to facilitate continuity during this transitional period, the Grants & Housing Manager's role was re-appraised to include more interface with the trustees and exposure to strategic matters and the job title was changed to "Operations Manager" to reflect this enhancement of the role. The fixed-term contract for the Charity's Book Sale Co-ordinator, Mark Jackson-Hancock, came to an end on 31st March 2019 (having been extended by three months) and was not renewed. This had been a pilot role with the hope that it would bring about a sufficient increase in sales revenue to justify the salary for the post, but, ultimately, it did not prove cost-effective for the Charity.

2.11 Transactions with Trustees.

The reimbursement of expenses to Board members is shown in the financial statements, note 8. Glenda Barnard and David Hicks attended the annual conference of the Booksellers Association, of which Fraser Tanner is a director.

3. Public Benefit

The Board kept under review the charity's aims, objectives, values, activities and future plans towards benefiting the (eligible book trade) public.

All applications for grants, housing, education and training are assessed within established guidelines. All applications for support for whichever programme, are considered in ways which ensure BTBS does not discriminate on the basis of age, gender, ethnicity, race, religion, disability, sexual orientation or socio-economic background.

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Trustees' Report 2019

3. Public Benefit (continued)

The Board sees no reason to alter previous estimates that there are some 50,000 people in the UK who could claim to work in the book trade, with a further 50,000 dependants and retired employees. The Board believes the number of those with an appropriate book trade connection, and who are eligible by being in some form of social, welfare or housing need, is likely to be around 500 (or 1% of the book trade population).

During the year, there were, in total, 196 beneficiaries of the grants programme. There are usually around 40 residents at The Retreat and 13 longstanding residents at Bookbinders' Whetstone estate. Due to the pending redevelopment works at Whetstone, the provision of accommodation for new entrants to the trade at Bookbinders Cottages was "wound down" with 7 such tenants leaving, following their intended length of stay, and purposely not being replaced. This left the blocks due for demolition empty and created vacancies for 3 longstanding residents who had to be relocated due to the works.

BTBS helped 50 new entrants/interns with grants (through the Matthew Hodder Fund), with a concentration on applicants from a wider range of socio-economic, cultural and educational backgrounds, especially where geographically remote from London, to support the industry's efforts to promote diversity, inclusivity and social mobility. The benefit of BTBS' activities to the wider public was enhanced considerably with 11 education and training programmes having support awarded to local and regional charities working within their communities.

The Charity also provided accommodation for approximately 25 PenguinRandomHouse (PRH) work experience participants in the Retreat bungalow designated for this purpose and, where applicants weren't successful in securing this accommodation, they were housed in the estate's Guest Bungalow whenever possible.

Notwithstanding the new developments in the housing, education and training programmes, the trustees acknowledge there is much to do to satisfy unmet demand. BTBS invested time and resources which:

- took steps to ensure individuals and families know how and where to access support from their trade charity, by using the website as the charity's principal access point for applications and enquiries;
- developed links with book trade individuals and organisations, using charity networks for referrals and generating awareness
- ensured there were sufficient resources to offer adequate and appropriate programmes of support, working with other book trade related organisations to maximise the impact of resources;
- developed further the charity's education and training programmes, with grants to support new entrants and interns to the book trade and educational and training projects and initiatives;

Following the Bookbinders Charitable Society merger in 2016, BTBS now works closely with charities that have an interest in the bookbinding trades and industry, which includes production, printing, conservation, and restoration.

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4. Risk assessment and management

Trustees considered all risks as part of their on-going responsibilities to guard against the major issues of possible detriment to which the charity is exposed. They have satisfied themselves that systems and procedures are in place to manage and mitigate those risks. In carrying out this review, the trustees:

- looked at existing and potential risks in detail
- considered Charity Commission guidance
- had regard to risk practices and procedures of other benevolent funds
- valued the input from staff
- asked to receive reports and updates on risks throughout the year, as required.

Risks associated with the failure to obtain planning permission and a bank loan for the redevelopment works at Whetstone were removed from the register as both were secured in 2019. These were replaced with risks associated with the commencement and progress of the building works, the significant ones being identified as follows:

- The risk of delays to the project caused by the need to comply with local council building regulations, consideration of existing tenants and unforeseen external factors. Such delays could potentially result in escalating costs for the Charity, but are mitigated by collaborative working relations with the builders and project managers, ongoing open dialogue to flag up potential issues and find ways to overcome them, and pursuing legal advice for any tenancy matters that could have an impact on the progress of works.
- The risk of our ability to repay loans being compromised if the project overruns (i.e. rental income being affected). This could impact on the Charity's cash-flow and result in a lack of funding for normal activities. This risk is mitigated by staff and trustees continuing to work to reduce the Charity's operating deficit and the launch of a comprehensive and high-profile fundraising appeal which the Charity is confident will raise between £250K and £500K. The NatWest Loan towards the redevelopment works (a maximum of £1.4 million) will be repayable over 20 years (the first year being a repayment 'holiday'). If the Charity succeeds in raising £500K, it is hoped this repayment period can be reduced.
- The health and safety of residents and neighbours while the proposed building works at the Bookbinders' Whetstone estate take place. This risk is mitigated by appointing consultants with specific experience of this type of development and BTBS' knowledge and experience with similar works at The Retreat.

Other major risks identified:

- Loss of key staff: with a small staff team, the loss of their experience, knowledge and skills could adversely impact operations, and external relations. This risk is mitigated by an agreed succession plan (for officers and staff); secure archive, filing and documentation systems; cooperative working practices, sharing information and contacts. With the current CEO due to retire at the end of 2020, a time-table and process for the recruitment of a new appointee was agreed by the Board in September 2019.

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Trustees' Report 2019

4. Risk assessment and management (continued)

- IT failure or loss: the loss of information or records, which would impact day-to-day working systems and operations. This risk is mitigated by procedures for off-site storage of regular computer back-ups, regular replacement of key IT equipment and secure archive, filing & documentation systems (as above).
- Fire, flood, damage at The Retreat and the Bookbinders' Whetstone estate, which could result in the potential risk of death or injury to staff or residents; loss of office facilities and/or accommodation, with consequent loss of income (from rents), office capability or fundraising resources. The design of The Retreat means any damage would tend to be localised rather than wide-spread; the risk is mitigated further with regular maintenance of fire alarm systems and observance of agreed safety procedures, continuous property and grounds maintenance, and awareness of potential risks. At the Bookbinders' Whetstone estate, with a similar wide-spread layout, and remedial and upgrading works planned and in hand, these risks are similarly mitigated.
- Non-compliance with General Data Protection Regulations (GDPR) and the risk of actions taken by the regulator. This risk is mitigated by the Board agreeing a Data Protection Policy, staff training and the appointment of a Data Protection Lead who has direct access to the Board. (No applications for information and data were received during the year.)
- Actions taken on behalf of BTBS without appropriate approval (fraud and theft). This risk is mitigated by policies, practices and approval which are reviewed by the Board, Chief Executive and the auditors.
- Situations which have the potential to lead to adverse publicity and loss of support. This risk is mitigated by the Board approving and keeping under regular review robust plans, policies and procedures, using their commercial and book trade related knowledge and skills

5. Grants, housing, education and training programmes and activities of support

At the core of the charity's thinking is the aim to put in place programmes of support and encouragement for the benefit of the book trade which:

- improve the quality of life
- relieve poverty and distress
- provide education and training
- build the foundations for a positive future for individuals, families and new entrants and interns to the book trade
- encourage the next generation of readers and book buyers, to the benefit of the trade

5.1 Grants (welfare).

For book trade people living in their own homes, the charity supports individuals and families in need with help to address and ameliorate the impact of:

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Trustees' Report 2019

5. Grants, housing, education and training programmes and activities of support

5.1 Grants (welfare) continued

- low household income and savings, debt and insolvency
- unemployment and redundancy
- health and medical aid not easily or normally provided by the NHS
- being a carer
- emergencies and unforeseen circumstances
- accidents, illness or bereavement
- housing difficulties and homelessness

The charity does this by:

- signposting to government grants and allowances
- directing applicants and beneficiaries to other charities and organisations offering specialist help with complex situations
- giving regular and one-off discretionary financial grants
- "almonising" or sharing with other charities where there is a joint interest to provide solutions, and access to additional funds
- collaborating with Bookcareers.com and supporting services which help unemployed people with a book trade connection
- encouraging applications for grant funding from local and regional charities in support of education and training activities connected with learning, literacy and the enjoyment of reading.
- The Grants and Housing committee regularly reviews the range of applications, and the scale of the responses from BTBS and keeps under consideration the Guidelines document, against which all applications are assessed to ensure consistency, and appropriateness of our charitable response.

Typically, help is needed to relieve the impact on individuals and families facing a variety of issues, including:

- problems arising from debt
- household bills and the cost of essential furniture, appliances and equipment
- heating and maintenance costs
- travel and car costs, including deposits for Motability vehicles
- funeral costs
- being a carer
- the costs of undertaking education and training which develop careers in the book trade
- living and household expenses for new entrants to the book trade.

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Trustees' Report 2019

5. Grants, housing, education and training programmes and activities of support (continued)

5.2 Grants (Education and training)

A designated fund - the Matthew Hodder Fund (MHF) - made available:

- grants of up to £1,000 to support young people hoping to enter the book trade, to help overcome the costs of attending job interviews (such as travel, overnight accommodation, subsistence)
- grants of up to £2,000 to support interns in the book trade who would otherwise struggle financially (again with travel, accommodation and subsistence)
- grants to post-graduate students who would otherwise struggle financially
- grants between £1,000 and £2,000 (normally to a maximum of £5,000) for educational projects and initiatives which facilitate or provide training to promote the study, knowledge and appreciation of literature, publishing and the book trade"

5.3 The Retreat (housing provision)

The Retreat at Kings Langley provides independent living in a community of self-contained accommodation for book trade people who need housing for social and economic reasons. The estate comprises seven properties in Dickinson House (the original almshouse), Dillon Lodge, eight studio bungalows, four townhouses, ten one-bedroom and two two-bedroom bungalows and four flats above the community centre and charity offices (The Foyle Centre). Properties are let to eligible applicants on assured short-hold tenancies at subsidised rents/utilities.

5.4 Bookbinders' Whetstone estate (housing provision)

The Bookbinders' Whetstone estate provides independent living in a community of self-contained flats for book trade people who have housing, social and economic needs. More recently it has provided flat-sharing opportunities for young entrants to the trade in one of the blocks, Blake House, which was refurbished in 2017 with this purpose in mind. Planning permission for the new development was granted in August 2019 and allowed for the demolition of two of the existing four blocks of flats which were in poor condition and the erection of four new two storey buildings comprising seventeen new flats, a site office and community space.

Several of the new flats will be designed to be available as either single-occupancy or flat-shares which will make them suitable and affordable for new entrants to the trade, particularly those from diverse backgrounds. This will enable the charity to expand on this recent initiative to provide housing for young people who would not otherwise be able to afford to take up job opportunities in the capital. Building works started at the end of October 2019 and, despite some initial delays, are progressing well. It is anticipated that the works will be completed by February 2021.

5.5 Impact of these activities

Housing provision:

The provision of housing accommodation at The Retreat and at the Bookbinders' Whetstone estate provides a safe and secure place and environment for book trade people who face unsuitable or expensive accommodation, or homelessness. Several residents at The Retreat and at Blake House currently work in the book trade with this support from BTBS. Residents at both sites play an active part within their local communities.

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Trustees' Report 2019

5. Grants, housing, education and training programmes and activities of support (continued)

5.5 Impact of these activities (continued)

Grants (welfare): to support beneficiaries living in their own homes, to enable them to lead fulfilled and normal lives within the circle of their family, friends, book trade colleagues and their local community.

Educational grants reach our much wider communities for the benefit of the book trade through the charity's targeted support of literary festivals, reading and literature appreciation programmes (particularly for young people) and the development of local and regional literacy initiatives.

Training grants, sometimes linked to the provision of short term accommodation at The Retreat, show support for the book trade's recent diversity and inclusivity objectives.

BTBS continues to work with Bookcareers.com, which offers support and practical help to book trade colleagues in finding employment/re-employment.

6. Developments and activities during 2019

6.1 The Retreat

- Occupancy: 99.0% (2018: 95.3%)
- Average age of residents at 31 December 2019: 65.5 years (2018: 65.6 years)
- In association with the PenguinRandomHouse Work Experience Programme (which pays the London Living Wage), BTBS provided temporary accommodation for some 25 participants. Demand for the accommodation was such that the estate's Guest Bungalow was also utilised to provide accommodation for a further 8 applicants who would otherwise not have been able to take up their placements.
- A one-bedroomed bungalow was completely refurbished to provide accommodation for a new tenant and the Guest Bungalow (a studio-style property) was refurbished to bring it up to the same standard as the adjoining PRH-sponsored bungalow, as increasing numbers of PRH work experience participants are using this facility.
- A large drainage section was replaced in July due to subsidence (cost £28K)

6.2 The Bookbinders' Whetstone estate

- Occupancy: 100%, although it should be noted that approximately 24% of the accommodation became unavailable for letting, due to the redevelopment works (occupancy 2018: 94.8%).
- Average age of residents at 31 December: 71.3 (2018: 53.5) The dramatic difference reflects the fact that the first intake of young entrants (7 tenants) moved out after their intended length of stay and were not replaced due to the redevelopment works.
- Three longstanding tenants agreed to relocate to Blake House since the blocks in which they lived were to be demolished as part of the works.
- Redevelopment works commenced on 28th October 2019 and are due to be completed by the end of February 2021.

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Trustees' Report 2019

6. Developments and activities during 2019 (continued)

6.3 Grants and Housing Committee

This committee comprises the Executive Chairman, two trustees and four co-options, three of whom were previously on the boards of the merged charities, and one whose previous experience in other benevolent funds brings a depth of experience to this important committee.

Operational Guidelines, which set out processes and procedures and the financial criteria for assessing applications (household income, savings and expenditure) were reviewed, updated and agreed by the Board.

The Grants and Housing Committee provided the Board with:

- recommendations on financial criteria in assessing applications and delegated financial limits
- reports on grants, housing, education and training activities, including those which were approved and refused by the Committee under delegated powers
- analysis of financial expenditure on grants, education and training programmes and estimates of future trends.

The breakdown of applications received is reported below: (grants awarded may fall into more than one category per beneficiary). The Charity spent £232,220 on grants (budget £240,000).

There was a slight decrease in applications for welfare grants in 2019. It is difficult to discern the reason for this, although the migration of benefit claimants from Jobseekers Allowance to Universal Credit and Disability Living Allowance to Personal Independence Payment, which has caused considerable hardship in recent years, is now all but complete, and this may have been a factor. The number of applications not pursued or ineligible reflects the level of speculative enquiries from non-UK nationals who are not eligible, and applicants who, after initial contact, prefer not to be financially assessed.

Welfare grants, one-off & new regular applications	2019	2018	2017
Applications for assistance (total):	272	301	157
Applications from new contacts:	219	235	134
Applications funded	157	192	113
Applicant did not pursue	66	61	28
Applications rejected (ineligible or not within financial criteria)	49	48	8

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6. Developments and activities during 2019 (continued)

6.3 Grants and Housing Committee (continued)

	2019		2018		2017	
Total number of beneficiaries	196		214		179	
Regular support: (# supported for full 12 months)	76 (60)	£140,090	75 (60)	£131,566	78 (56)	£116,030
Christmas one-off grants	40	£6,300	43	£7,300	46	£7,850
Housing/rent arrears/debt	24	£15,519	34	£26,780	26	£17,297
Travel & car costs	4	£1,668	7	£1,904	9	£6,810
Holidays, respite care	2	£835	5	£1,825	4	£1,908
Household, including carpets, white goods	29	£15,295	27	£13,930	14	£6,620
Retraining & redundancy	17	£6,569	20	£4,400	20	£4,643
Disability, medical & nursing home fees	6	£2,399	7	£4,565	5	£3,800
Matthew Hodder Fund:						
Interns support & Entry into the Book Trade	50	£23,404	83	£28,149	44	£13,222
MHF grants, projects	11	£19,501	11	£20,251	13	£19,956

NB A further 4 beneficiaries received quarterly grants of £80 for the first half of the year (total £640) as we pledged to honour these for three years following the merger with Bookbinders Charitable Society. This agreement came to an end in August 2019 and these beneficiaries were invited to apply for an assessed regular grant. Only one qualified for such a grant according to the Charity's guidelines.

6.4 Finance.

The Finance Committee reviews income and expenditure, cash flow, capital projects and investments and provides the Board with recommendations on the Budget for the year, capital expenditure and investments. Apart from the Chairman and three board trustees, there is one co-option (providing continued input from the previous Bookbinders Charitable Society).

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Trustees' Report 2019

6. Developments and activities during 2019 (continued)

6.5 Fundraising.

Trustees ask for financial support (fundraising) to:

- maintain the charity's valuable programmes of work in relieving need and distress;
- ensure adequate financial reserves are in hand to support the cash position and capital expenditure, including funds for works and improvements at The Retreat and Bookbinders' Whetstone estate;
- develop awareness and outreaching activities (see public benefit above).

The only income from direct fundraising organised by the charity derives from:

- Booksales – the sale of books donated by the book trade and sold to invited members of the local public at occasional, organised booksales at The Retreat
- an appeal by the President to book trade companies for support of grants and housing programmes
- the allocation of places at the London Marathon which are given to trade supporters who raise funds themselves.

Any other fundraising income comes from trade supporters who organise internal events to raise money for their trade charity.

BTBS does not employ any professional fundraising individual or organisation and is not involved in any commercial participation to raise funds.

The charity's approach to fundraising is to comply with the provisions of the Charities Act 2011 in relation to any direct fundraising when this occurs and to encourage supporting individuals, companies and trade bodies to adhere to and comply with the provisions of the Fundraising Standards Board as part of BTBS' membership during the year.

Trustees encourage income from fundraising as they believe the charity is:

- on a stable and properly constituted structure, with processes and procedures which comply with charity law and regulations
- solvent and prudently run, but not cash rich
- well perceived in the book trade
- making an impact for the good with its housing and grants programmes able to make the best use of any fundraising income.

The Board records its thanks and appreciation to many in the book trade who gave donations and resources and who undertake to do things for the charity which makes a huge difference and help enormously the charity's abilities to provide its welfare and housing programmes.

The Book Trade Charity (BTBS)

Trustees' Report 2019

6. Developments and activities during 2018 (continued)

6.5 Fundraising (continued)

These include:

Supporters:

- London Marathon runners: Pimms Banwait, Alex Catton, Tom Catton, Helen Harradine, Daniel Scriven and Tallulah Young
- Events/collections were held on our behalf by: SYP (Society of Young Publishers), SfEP (Society for Editors & Proofreaders), Suzanne Collier and the IPG Spring Conference.

Major Donations (£1,000 or more): corporate and charitable trust support during the year: Hachette UK, The Booksellers Association, Old Possum's Practical Trust, PenguinRandomHouse, Simon & Schuster, Macmillan Publishers, Severn House, HarperCollins, Profile, Faber & Faber, Andrew Nurnberg, Clays, Oxford University Press, Sue Thompson Charitable Trust, Blackwell Publishing, The Book Society, Association of Authors' Agents, Blake Friedmann, Ingram, Inspired Selection and Gardners.

Major personal donations were received from: Bill Samuel, David Young, James Daunt and Patrick Janson Smith.

Donations were also received from the estates of Meg Goodare (Retreat resident), Jane Havill, Joan Olive Goodwins and Robin Hyman.

Sponsorship:

Accommodation at The Retreat is sponsored by PenguinRandomHouse to provide a place to stay close to London for nominations from their rotation of two-weekly work experience participants.

7. Financial position

7.1 The statement of financial activities shows a net increase in funds of £20,775 for the year ended 31 December 2019.

	2019	2018
Total income:	£ 775,559	£ 689,154
Total expenditure:	£ 806,743	£ 910,460
Investment gains (losses)	£ 51,964	£ (66,258)
Net income (expenditure)	£ 20,775	£ (287,564)

7.2 Recurring income for the charity comprises income from voluntary sources, events, rents and investments.

- Corporate and personal donations, and grants from charitable trusts (as in para 7.7) contributed £284,499 to general funds and £13,180 to restricted funds
- Events income totalled £80,301 mainly from booksales and the London Marathon
- Rental income amounting to £376,503 was received, an increase of 1.4% over 2018

The Book Trade Charity (BTBS)

Trustees' Report 2019

7. Financial position (continued)

- Gross investment income was £21,071 compared with £55,909 in 2018 and included income from the Matthew Hodder Fund and Bookbinders Charitable Society investments. Movement in the stock market during 2019 resulted in net realised and unrealised gains totalling £51,964.

7.3 Costs for the year are £806,743, due to the decrease in the level of grants awarded and property maintenance.

- Grants in the year, including provisions for regular grant commitments in 2020, amounted to £232,220 compared with £241,948 in 2018.
- The Board continued to trial the programme of sustainable energy equipment at The Retreat to reduce long-term energy and maintenance costs.

7.4 Investments.

The charity's investments are held with Rathbones in a bespoke portfolio of securities; who provided this report:

"2019 was a strong year for equity markets as stabilising economic data, thawing trade relations between the US and China and continued easy monetary policy (particularly from the Federal Reserve, which cut interest rates) gave investors comfort that a global economic recession was not on the immediate horizon. Equity market returns were strong, with the FTSE All Share rising +19.2%, whilst the FTSE All World ex UK rose +22.6%. UK Government Debt was also strong, returning +6.9%, with corporate bonds doing even better (+9.3%).

The charity's investment portfolio, managed by Rathbones, performed well, returning +16.9%. This was ahead of Rathbones' short term composite index benchmark which rose +15.9% and ahead of the peer group (as measured by the ARC Charity Steady Growth Index), which was +15.6%".

The investment objectives were determined in the light of the agreed, revised Reserves (see 8 below) and Investment Policies (see 9 below).

The Board has previously agreed that BTBS would not automatically draw down income from the investments, with a view to rebuilding the level of reserves in the long term. However, the Board's decision to go ahead with the development of housing at Whetstone, with the requirement to fund £1.6 million from reserves, resulted in the draw-down of cash from investment reserves, guaranteeing the funds would be available for the project, and not subject to fluctuations in the value of investments.

As at 30th June 2020 the market value of the investment portfolio has fallen to £780,497, this reduction includes withdrawals to capital of £500,000 and a small negative impact because of the coronavirus pandemic's impact on global capital market. The Trustees conclude that this does not cast significant doubt on the ability of the charity to continue as a going concern, as the Trustees are of the opinion that this represents sufficient resources to meet the charity's liabilities as they fall due.

The Book Trade Charity (BTBS)

Trustees' Report 2019

8. Reserves Policy

The investment and cash reserves of The Matthew Hodder Fund and The Bookbinders Charitable Society are currently identified as designated funds, with the object of using these funds, as working resources, to further the aims of the charity, particularly in continuing and developing work relating to the previous activities and aims of these two charities.

With the necessity to utilise a large part of these funds to develop the Whetstone site, it was considered sensible to bring these funds into the general funds of the charity, and de-designate the balances. This is within the powers of the trustees; work currently supported would be drawn into the general activities of BTBS, and provided for within the annual budget, noting that some financial restrictions might then have to apply. A transfer of £1,040,762 represents the removal of these previous designations.

At the 1 January 2019, the charity held designated funds (including the property reserve, which will remain a designated fund) of £9,306,305, with unrestricted reserves of £302,504 (representing four months of unrestricted expenditure). During the year, the Board agreed to update the Reserves Policy and at 30 June 2019 the Property valuation (Bookbinders & The Retreat) was £7.6m, investments and cash stood at £1.9m of which £1.6m was held as cash for the Whetstone project (therefore unrestricted reserves were some £300,000).

The charity's target has previously been to hold sufficient reserves in investments to provide for two year's normal expenditure (excluding depreciation, development costs and one-off legal fees). This was achieved between 31 December 2016 and 31 December 2018, but the Board's decision to invest reserves into developing work which fulfils the charity's objectives means that this is no longer a realistic objective, and indeed, is probably not a desirable one.

Reserves should represent both a source of investment income and a safety net in case normal expenditure drops, or un-anticipated expenditure occurs; the level also needs to be sufficient to wind up the charity in an orderly fashion, in the last resort.

At the year end the charity held unrestricted free reserves of £1,505,475 and designated reserves (including the property reserve, which will remain a designated fund) of £8,124,199. The unrestricted funds at 31 December 2019 were the equivalent of eighteen months of unrestricted expenditure.

Given that demand for the properties is projected to be high, following the completion of the Whetstone development, the increased level of rental income anticipated should provide a stable baseline for annual income and reduce the reliance on investment income. The charity's longer term target is to provide between four and six months' worth of normal expenditure, excluding depreciation, development costs and one-off legal fees.

It is anticipated that the current excess of reserves over the stated policy will be reduced over the next 6-12 months as capital costs committed in respect of the Whetstone development are incurred.

The Book Trade Charity (BTBS)

Trustees' Report 2019

9. Investment Policy

Overall, the trustees wish to pursue a policy which provides revenue and growth to support the charity's current purposes and enhances income and capital growth over the longer term, thereby enabling them to meet the current and future objectives in accordance with the purposes of the charity. The investment objective of the Fund is to produce a return of inflation (CPI) plus 3%, net of fees. The Board has agreed to dispense with the income requirements and re-invest income to support capital growth, subject to any withdrawals the charity finds it necessary to make. This requirement is subject to annual review.

The mergers with the two other charities left BTBS in the position of holding some £2.5m in investments. These have been reduced by draw-downs necessary to meet operating deficits, resulting from maintaining and developing the level of operations, meeting unexpected repairs & maintenance issues at both The Retreat and Bookbinders, Whetstone project, and initiating additional programmes of support for young people of diverse backgrounds wishing to enter the trade. The decision to expand the housing provision at Whetstone, particularly to provide affordable housing for young people, has meant that a large part of the reserves will be utilised by the end of 2020, albeit this will significantly increase the rental income for the future.

The trustees have delegated the day-to-day decision making and control of the charity's investments to Rathbones Investment Management, through a managed fund, to be informed by the policies and guidelines agreed annually at a meeting of trustees and monitored by regular contact with the Chief Executive, by formal quarterly reports and bi-annual presentations to the finance committee of The Book Trade Charity. The trustees, in delegating their investment management, require the Managers to pay attention to the standard investment criteria, namely the suitability of the class of investment and the need for diversification insofar as it is appropriate to the circumstances of the charity and these requirements are to be met by the management of the fund. There are few restrictions on the type of investments or markets in which the Managers would invest on the charity's behalf and the trustees see no conflict with the overall objectives of the shared fund. Previously, the trustees discussed the issue of ethical investment. It was agreed that there was no valid justification for imposing restrictions on the investment managers based on ethical considerations; the charity does not have an ethical investment policy and it was agreed that this should continue, although the Rathbone managed fund has its own restrictions consistent with the demands of other charity participants.

The Trustees accept a medium risk approach to investment (definition below*) with a medium-to-long term objective of meeting the requirement for a returns target of inflation plus 3%, recognising that there will be short term fluctuations, and are satisfied the fund proposed for BTBS by Rathbones can achieve this. Note, we are less dependent on income from investments, given the significant reduction in value of reserves.

*: The volatility target, as measured by standard deviation, aims to be high single digit (8-10%) i.e. roughly half way between that of equities and government bonds. If we assume an expected return of +6% per annum (gross of fees) and that the volatility is 9%, then the expected range of returns (in theory) for the portfolio would be between -12% and +24% each year with a 95% degree of confidence.

The Book Trade Charity (BTBS)

Trustees' Report 2019

10. Going Concern

The trustees have assessed the position of the charity as a going concern in preparing this report and financial statements and have made this assessment in respect to a period of one year from the date of approval of these accounts, based on budgets and cashflow forecasts to December 2020, the forecast reserves position at 31 December 2020 and the expected level of activity during 2020/2021. The charity's net current assets at 31 December 2019 are covered by fixed asset investments which can be converted to cash if necessary. Despite the global uncertainty in relation to COVID-19, the trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern, and the charity will have sufficient resources to meet its liabilities as they fall due.

11. Volunteers & Staff

The voluntary BTBS Board of trustees wish to record their thanks and appreciation to all volunteers who contributed greatly to the charity's achievements and developments during the year. Without this grass-roots support, the charity would not be able to achieve all that it does to relieve need.

Particularly, the trustees record their thanks to:

- Paul Chapman, Sally Atkinson, Marie Bucksey, Ben Gutcher and Barbara Taylor who were co-opted onto committees and who used their knowledge, skills and experience to the great benefit of the charity;
- The Retreat residents who are involved in the booksales which contribute so much to the charity's income.
- Book trade colleagues who help to collect and direct books to booksales at The Retreat, from the London Book Fair;
- The Retreat residents and friends who organise social occasions and outings, and particularly Graham Hogben who took on the role of regular minibuss driver for the weekly supermarket trips, and other occasional outings;
- The many other book trade friends and colleagues who donate much needed funds and others who give of their time to further the charity's objectives;
- Ursula Mackenzie (President) for her significant fundraising and promotion together with her interest in BTBS' affairs which have made a real difference.

The Board records its thanks and appreciation to the small staff team of Glenda Barnard, Nicki Cattle and Keith Foster who are professional and dedicated in all that they do, including many voluntary hours in support of Booksales and other events. David Hicks celebrated twenty-five years' service to BTBS in 2019. His record of service, dedication and relentless enthusiasm for the charity's work, the people we help, the book trade in general and his planning for the future are much appreciated by the Board and everyone connected with BTBS. The Board pays tribute to David and his team.

The Book Trade Charity (BTBS)

Trustees' Report 2019

12. Patrons

No patrons were appointed in 2019, but the sad passing of F Ian Chapman was noted. His dedication to the charity over many years has been greatly appreciated, firstly as a Trustee of the Book Trade Benevolent Society (when he was instrumental in gaining significant compensation when the M25 was built over The Retreat land) and latterly as an active Patron and ambassador for BTBS; he will be greatly missed.

13. Objectives and progress (during 2019):

1. Objective: to start the redevelopment of Bookbinders' estate at Whetstone. Progress: planning permission was granted in August 2019 and work commenced on 28th October 2019. The builders are making excellent progress despite some unavoidable delays and it is anticipated the works will be completed in February 2021.
2. Objective: to start a capital appeal to fund the redevelopment at Whetstone. Progress: the Board finalised plans for the official launch of the appeal to take place at the beginning of 2020, aiming to raise between £250k and £500k (at the time of writing some £230,000 has been pledged and/or received). This includes a "buy a brick" campaign whereby individuals and organisations can donate £1,000 to purchase a "brick" towards the redevelopment. Trustees were tasked with approaching notable personal contacts (both individuals and organisations) in the trade who might be interested in supporting the project. A new website was commissioned which will promote the appeal and make online donating easier and a new appeal logo has been designed. David Hicks made a number of applications to appropriate grant-giving organisations (one leading to a pledge of £50,000) and the Charity is optimistic that more of these will be successful.
3. Objective: to monitor and control grants expenditure within (BTBS) affordable levels. Progress: the Charity's grants spend was within budget (£232K against a £240K budget) whilst continuing to meet demand. BTBS kept its Grant Guidelines under review to ensure that it can continue to respond quickly to support those most in need. The collaborative working relationship with the Printing Charity was further strengthened in 2019 with the two charities co-operating to support shared beneficiaries and making the application process more seamless by the routine sharing of applicants' information, thus often dispensing with the need for beneficiaries to complete separate forms. BTBS continued to promote its support for new entrants to the trade and interns.
4. Objective: to revise the reserves policy. Progress: achieved, with new policies as shown above.
5. Objective: to continue succession planning for key appointments. Progress: the Board agreed a timetable and process for the recruitment of a replacement CEO in 2020, commencing in June 2020 (David Hicks is due to retire in December 2020). The Housing & Grants Manager's role was re-appraised to include more exposure to the trustees and strategic matters to help safeguard continuity of operational matters when a new CEO is appointed.

14. Objectives for 2020

1. Objective: to achieve near completion of the redevelopment at Whetstone and put in place plans for the recruitment of appropriate tenants for the new flats and a permanent member of staff based on site.
2. Objective: to raise between £250K and £500K through the capital appeal to fund the redevelopment at Whetstone.

The Book Trade Charity (BTBS)

Trustees' Report 2019

14. Objectives for 2020 (continued)

3. Objective: to continue to monitor and control expenditure on grants within (BTBS) affordable levels.
4. Objective: to reduce the Charity's operating deficit as far as possible.
5. Objective: to appoint a replacement CEO.

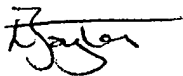
In addition to the five objectives detailed above, following the outbreak of the global coronavirus pandemic at the start of 2020, the Board identified the need:

1. To provide additional support to beneficiaries of the Charity over this uncertain period. The Board has set up a specific support fund and as at 30 June 2020 have raised approximately £380,000 to support individuals affected by the outbreak and grants totalling £102,000 have been awarded.
2. To support residents through regular contact by staff; the neighbourly community of the housing has come into its own as most residents have been self-isolating.
3. To assist staff through David Hicks (as living on the estate) staffing the office during normal working hours/days, while the other three staff have worked primarily from home, with remote access to computer systems, and occasional visits to the office when it is otherwise unattended by other staff. The Charity has continued to operate satisfactorily, despite the unusual circumstances and necessary responses; the staff should be congratulated on functioning so well.

This report is prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 13th July 2020

and signed on its behalf by



Emily-jane Taylor, Honorary Treasurer, on behalf of the trustees.

The Book Trade Charity (BTBS)

Independent auditor's report 2019

Independent Auditor's Report to the members of The Book Trade Charity (BTBS)

Opinion

We have audited the financial statements of The Book Trade Charity (BTBS) (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, the statements of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Other information (continued)

The Book Trade Charity (BTBS)

Independent auditor's report 2019

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ 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.

The Book Trade Charity (BTBS)

Independent auditor's report 2019

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or 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.

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

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

24 September 2020

The Book Trade Charity (BTBS)

Statement of financial activities

(including income and expenditure account) for the year ended 31 December 2019

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and legacies	1	284,499	—	13,180	297,679	172,525
Charitable activities						
. Rental income		376,503	—	—	376,503	371,299
Other trading activities	2	80,301	—	—	80,301	89,421
Investments and interest receivable	3	21,071	—	—	21,071	55,909
Total income		762,374	—	13,180	775,554	689,154
Expenditure on:						
Raising funds						
. Publicity and fundraising		53,790	—	—	53,790	78,191
. Fundraising trading						
.. Costs of selling donated goods		6,065	—	—	6,065	3,887
Charitable activities						
. Grants programmes		247,443	43,955	—	291,398	295,687
. Provision of residential accommodation		344,832	97,478	—	442,310	490,677
. Ola's fundraising		—	—	13,180	13,180	42,018
Total expenditure	4	652,130	141,433	13,180	806,743	910,460
Net income (expenditure) before investment gains and losses		110,244	(141,433)	—	(31,189)	(221,306)
Net investment gains (losses)		51,964	—	—	51,964	(66,258)
Net income (expenditure)		162,208	(141,433)	—	20,775	(287,564)
Transfer between funds		1,040,762	(1,040,762)	—	—	—
Net movement in funds		1,202,970	(1,182,195)	—	20,775	—
Reconciliation of funds:						
Fund balances brought forward at 1 January 2019		302,505	9,306,394	—	9,608,899	9,896,463
Fund balances carried forward at 31 December 2019		1,505,475	8,124,199	—	9,629,674	9,608,899

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

The charity has no recognised gains or losses other than those shown above.

The notes on pages 36 to 45 form part of these financial statements.

The Book Trade Charity (BTBS)

Statement of financial activities

(including income and expenditure account) for the year ended 31 December 2018

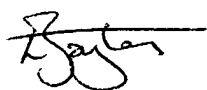
	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds 2018 £
<i>Income from:</i>					
<i>Donations and legacies</i>	1	130,507	—	42,018	172,525
<i>Charitable activities</i>					
<i>. Rental income</i>		371,299	—	—	371,299
<i>Other trading activities</i>	2	89,421	—	—	89,421
<i>Investments and interest receivable</i>	3	55,909	—	—	55,909
<i>Total income</i>		<u>647,136</u>	<u>—</u>	<u>42,018</u>	<u>689,154</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>					
<i>. Publicity and fundraising</i>		78,191	—	—	78,191
<i>. Fundraising trading</i>					
<i>.. Costs of selling donated goods</i>		3,887	—	—	3,887
<i>Charitable activities</i>					
<i>. Grants programmes</i>		247,287	48,400	—	295,687
<i>. Provision of residential accommodation</i>		394,818	95,859	—	490,677
<i>. Ola's fundraising</i>		—	—	42,018	42,018
<i>Total expenditure</i>	4	<u>724,183</u>	<u>144,259</u>	<u>42,018</u>	<u>910,460</u>
<i>Net expenditure before investment gains and losses</i>		(77,047)	(144,259)	—	(221,306)
<i>Net investment (losses) gains</i>		(66,258)	—	—	(66,258)
<i>Net expenditure</i>		<u>(143,305)</u>	<u>(144,259)</u>	<u>—</u>	<u>(287,564)</u>
<i>Reconciliation of funds:</i>					
<i>Fund balances brought forward at 1 January 2018</i>		445,810	9,450,653	—	9,896,463
<i>Fund balances carried forward at 31 December 2018</i>		<u>302,505</u>	<u>9,306,394</u>	<u>—</u>	<u>9,608,899</u>

The Book Trade Charity (BTBS)

Balance sheet **As at 31 December 2019**

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	9		8,124,199		7,669,617
Investments	10		1,290,956		2,013,612
Total fixed assets			9,415,155		9,683,229
Current assets					
Debtors	11	111,890		27,297	
Cash at bank and in hand		303,015		15,962	
Total current assets		414,905		43,259	
Liabilities					
Creditors: amounts falling due within one year	12	(200,386)		(117,589)	
Net current assets (liabilities)			214,519		(74,330)
Net assets			9,629,674		9,608,899
The funds of the charity					
Unrestricted funds					
Free reserves		1,505,475		302,504	
Designated funds	13	8,124,199		9,306,395	
Total unrestricted funds			9,629,674		9,608,899
Restricted funds	14		—		—
Total charity funds			9,629,674		9,608,899

The financial statements were approved and authorised for issue by the Board on 13th July 2020



Honorary Treasurer
Emily-jane Taylor

The notes on pages 36 to 45 form part of these financial statements.

Company number: 06725178 (England and Wales)

The Book Trade Charity (BTBS)

Statement of cash flows

As at 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	43,423	(152,748)
Cash flows from investing activities:			
Dividends and interest from investments		21,071	55,909
Purchase of tangible fixed assets		(552,060)	(93,506)
Proceeds from the disposal of investments		338,212	2,343,105
Purchase of investments		(103,514)	(628,273)
Net cash (used in) provided by investing activities		(296,291)	1,677,235
Change in cash and cash equivalents in the year		(252,868)	1,524,487
Cash and cash equivalents at 1 January	B	1,560,813	36,326
Cash and cash equivalents at 31 December	B	1,307,945	1,560,813

Notes to the statement of cash flows for the year to 31 December 2019

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

	2019 £	2018 £
Net movement in funds (as per the statement of financial activities)	20,775	(287,564)
Adjustments for:		
Depreciation charge	97,478	95,858
Gains (losses) on investments	(51,964)	66,258
Dividends and interest from investments	(21,071)	(55,909)
Increase in debtors	(84,593)	(6,511)
Increase in creditors	82,797	35,120
Net cash used in operating activities	43,423	(152,748)

B Analysis of changes in net debt

	At 1 Jan 2019 £	Cash flows £	At 31 Dec 2019 £
Cash at bank and in hand	15,962	287,053	303,015
Cash held by investment managers	1,544,851	(539,921)	1,004,930
Total cash and cash equivalents	1,560,813	(252,868)	1,307,945

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2019

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

Basis of preparation

These financial statements have been prepared for the year to 31 December 2019.

The financial statements 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 financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

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

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

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

- ♦ estimating the useful economic life of tangible fixed assets; and
- ♦ estimating the value of regular grants that had been committed to be disbursed at the year end.

As the full impact of the global coronavirus pandemic is still unknown, it is not possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments (see note 10) are subject to a greater degree of uncertainty and volatility. As set out in these accounting policies under "Assessment of going concern", the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts. This is based on budgets and cash flow forecasts to December 2020 and projections beyond.

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2019

Assessment of going concern (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. They are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Despite the global uncertainty in relation to COVID-19, there are no concerns regarding the charity's ability to continue as a going concern.

With regard to the next accounting period, the year ending 31 December 2020, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the trustees' report for more information).

Income recognition

All income is included in the statement of financial activities when the charitable company is legally entitled to the income and the amount can be quantified 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. The following specific policies apply to categories of income:

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and other income including the surplus on the disposal of tangible fixed assets.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

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

Estimating the fair value of donated books and similar items for resale is impractical because of the volume of low-value items received and the absence of detailed stock records. Donated goods for resale are therefore not recognised on receipt and instead the value to the charity of the donated goods sold is recognised as income when sold.

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

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2019

Income recognition (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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.

Expenditure recognition

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

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

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and donations, direct and support costs in respect on the charity's primary charitable purposes as described in the trustees' report and includes governance costs.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the accounts.

All expenditure is stated inclusive of irrecoverable VAT.

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2019

Allocation of support and governance costs

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

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

Support costs and governance costs are apportioned as detailed in notes 6 and 7.

Pension costs

The charitable company offers staff contributions towards a pension scheme, established with the Pensions Trust in anticipation of auto-enrolment applying. Contributions to this scheme, and previously existing personal pension schemes are charged to the statement of financial activities in the year in which they become payable. The charity's contributions are restricted to the contributions disclosed in note 8. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Tangible fixed assets and depreciation

Freehold land and buildings are stated at a trustees' valuation made, with professional assistance, in 2010 based on market value for existing use – under the transition provisions of FRS 102 this valuation has been treated as deemed cost. Freehold land and building acquired since then are stated at cost, or where they have been acquired for £nil consideration the fair value at the date of acquisition has been used as deemed cost. All other fixed assets are stated at cost.

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	-	between 10% and 20% straight line
Motor vehicles	-	20% straight line
Freehold buildings	-	between 2% and 5% straight line

The charitable company has a policy of capitalising assets which cost more than £1,000.

Freehold land is not depreciated.

Borrowing cost

Borrowing cost that are directly attributable to the acquisition, construction or production of a tangible fixed asset are capitalised as part of the cost of that asset and depreciated in line with estimated useful life of the associated asset.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

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

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2019

Investments (continued)

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value of investments at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

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

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.

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.

Fund accounting

Funds held by the charity are:

- | | | |
|--------------------|---|---|
| Unrestricted funds | - | these are funds which can be used in accordance with the charitable company's objects, at the discretion of the Board. |
| Designated funds | - | these are unrestricted funds set aside by the Board for specific purposes. |
| Restricted funds | - | these are funds that can only be used for particular restricted purposes, within the objects of the charitable company. Restrictions arise when specified by the donor, or implied by the terms of an appeal. |

Leases

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

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

1. Donations and legacies

	Unrestricted £	Restricted £	2019 £	2018 £
Legacies	84,183	—	84,183	133
Donations	200,316	—	200,316	130,374
Ola's fundraising	—	13,180	13,180	42,018
Total 2019 funds	284,499	13,180	297,679	172,525

	Unrestricted £	Restricted £	2018 £
Legacies	133	—	133
Donations	130,374	—	130,374
Ola's fundraising	—	42,018	42,018
Total 2018 funds	130,507	42,018	172,525

2. Other trading activities

	Unrestricted £	Restricted £	2019 £	2018 £
Marathon donations	13,901	—	13,901	14,665
Events/collections	7,086	—	7,086	10,944
Sales of donated goods	59,314	—	59,314	63,812
Total 2019 funds	80,301	—	80,301	89,421

	Unrestricted £	Restricted £	2018 £
Marathon donations	14,665	—	14,665
Events/collections	10,944	—	10,944
Sales of donated goods	63,812	—	63,812
Total 2018 funds	89,421	—	89,421

3. Investment income

	Unrestricted £	Restricted £	2019 £	2018 £
Listed investments	21,071	—	21,071	55,909
Total 2019 funds	21,071	—	21,071	55,909

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

3. Investment income (continued)

	Unrestricted £	Restricted £	2018 £
Listed investments	55,909	—	55,909
Bank interest	—	—	—
Total 2018 funds	55,909	—	55,909

4. Expenditure

	Direct costs £	Support costs (note 6) £	Total funds 2019 £	Total funds 2018 £
Raising funds				
. Publicity and fundraising	8,750	45,040	53,790	78,191
. Fundraising				
.. Costs of selling donated goods	6,065	—	6,065	3,887
Charitable activities				
. Grants programmes (note 5)	232,220	59,178	291,398	295,687
. Provision of residential accommodation	379,467	62,843	442,310	490,677
. Ola's fundraising	13,180	—	13,180	42,018
	639,682	167,061	806,743	910,460

Analysis of expenditure between restricted and unrestricted funds:

	Direct costs £	Support costs (note 6) £	Total funds 2018 £
Raising funds			
. Publicity and fundraising	31,615	46,576	78,191
. Fundraising			
.. Costs of selling donated goods	3,887	—	3,887
Charitable activities			
. Grants programmes (note 5)	241,948	53,739	295,687
. Provision of residential accommodation	434,352	56,325	490,677
. Ola's fundraising	42,018	—	42,018
	753,820	156,640	910,460

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

4. Expenditure (continued)

Included in expenditure are:

- Staff costs amounting to £172,660 (2018 - £184,706)
- Payments under operating leases for equipment amounting to £2,954 (2018 - £2,954)
- A charge for depreciation amounting to £97,478 (2018 - £95,858)
- Fee paid to the auditor in respect of the statutory audit amounting to £7,350 (2018 - £7,150) exclusive of VAT

Trustees' indemnity insurance is provided by the charitable company's insurers at no additional cost to the charitable company.

5. Grants payable

Included within grants programmes expenditure are the following grants:

	2019 £	2018 £
Individuals		
. The welfare of people in financial need	180,346	188,983
. Medical costs of beneficiaries	2,399	4,565
. Support to people in training, retraining and education	29,973	28,149
Institutions		
. Support to people in training, retraining and education	19,501	20,251
	<u>232,220</u>	<u>241,948</u>

Grants were awarded to 180 (2018 - 214) individuals. Grants were awarded to the following institutions: Chipping Norton Literary Festival, The Printing Charity (Print Futures Awards scheme), Chorleywood Bookshop, West Dean College, Bound by Veterans, Bookcareers.com, Santham Book Festival, SYP Speed Dating, IPG and The Doorstep Library Network.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

6. Support costs allocation

	Office staff £	Chairman £	Chief executive £	Travel, training, etc £	Office expenses £	Governance (note 7) £	Bank charges £	Total 2019 £	Total 2018 £
Raising funds									
.. Publicity and fundraising	5,511	1,194	26,469	5,469	5,980	—	416	45,039	46,576
Charitable expenditure									
. Grants programmes	6,613	1,343	30,881	3,584	3,762	12,578	416	59,177	53,739
. Provision of residential accommodation	9,926	448	30,881	4,854	3,747	12,578	416	62,844	56,325
	<u>22,044</u>	<u>2,985</u>	<u>88,231</u>	<u>13,907</u>	<u>13,489</u>	<u>25,156</u>	<u>1,248</u>	<u>167,060</u>	<u>156,640</u>

	Office staff £	Chairman £	Chief executive £	Travel, training, etc £	Office expenses £	Governance (note 7) £	Bank charges £	Total 2018 £
Raising funds								
.. Publicity and fundraising	5,066	5,278	25,873	3,395	6,558	—	406	46,576
Charitable expenditure								
. Grants programmes	6,079	5,938	30,186	1,750	4,200	5,181	405	53,739
. Provision of residential accommodation	9,119	1,979	30,186	5,268	4,188	5,180	405	56,325
	<u>20,264</u>	<u>13,195</u>	<u>86,245</u>	<u>10,413</u>	<u>14,946</u>	<u>10,361</u>	<u>1,216</u>	<u>156,640</u>

Cost allocation includes an element of judgement and the charitable company has had to consider the cost/benefit of detailed calculations and record keeping.

Basis for support costs allocation:

- Office staff, estimated time spent on activities.
- Chairman, estimated time spent on activities.
- Chief Executive, estimated time spent on activities.
- Travel, allocated according to usage.
- Office expenses, allocated according to usage of resources.
- Governance costs, specifically incurred professional fees are allocated directly to the relevant activity and other fees are allocated equally between the charitable activities.
- Bank charges, allocated according to usage of resources.

7. Governance

	2019 £	2018 £
Legal and professional	16,256	2,461
Audit and accountancy fees	8,900	7,900
	<u>25,156</u>	<u>10,361</u>

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

8. Staff costs and remuneration of key management personnel

	2019 £	2018 £
Wages and salaries	149,201	161,516
Social security costs	10,960	11,324
Pension costs	12,499	11,866
	<u>172,660</u>	<u>184,706</u>

The average number of employees during the year, analysed by function, was as follows:

	2019 £	2018 £
Estate management	2.0	2.0
Support	2.5	4.0
	<u>4.5</u>	<u>6.0</u>

One employee received remuneration of between £70,001 and £80,000 in 2019 (2018: One employee received remuneration of between £70,001 and £80,000). Contributions amounting to £7,894 (2018 - £7,219) were paid to a personal pension scheme for that employee.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees, the Executive Chairman (who is not a trustee) and the senior management team. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £88,669 (2018 - £86,245).

Trustees are not remunerated. During 2019 no amounts were paid on behalf of/reimbursed to trustees for travel costs (2018 - £nil).

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

9. Fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2019	8,189,012	27,815	15,594	93,506	8,325,927
Additions	32,376	—	—	519,684	552,060
Disposals	—	(19,725)	—	—	(19,725)
At 31 December 2019	8,221,388	8,090	15,594	613,190	8,858,262
Depreciation					
At 1 January 2019	624,311	21,343	10,656	—	656,310
Charge for the year	93,550	809	3,119	—	97,478
Eliminated on disposals	—	(19,725)	—	—	(19,725)
At 31 December 2019	717,861	2,427	13,775	—	734,063
Net book value					
At 31 December 2019	7,503,527	5,663	1,819	613,190	8,124,199
At 31 December 2018	7,564,701	6,472	4,938	93,506	7,669,617

Included in freehold property is land £4,025,967 (2018 - of £4,025,967) which is not depreciated.

The freehold property is entirely occupied by the charitable company for its own activities. Assets under construction relate to works in process at the Bookbinders development.

10. Investments

	2019 £	2018 £
Listed investments		
Market value at 1 January 2019	468,761	2,249,851
Additions at cost	103,514	628,273
Disposal at opening market value (proceeds: £338,212; realised gain £23,739)	(314,473)	(2,381,264)
Unrealised investment gains (losses)	28,225	(28,099)
Market value at 31 December 2019	286,026	468,761
Cash held by investment managers for reinvestment	1,004,930	1,544,851
	1,290,956	2,013,612
Historical cost of listed investments at 31 December 2019	262,927	233,281

At 31 December 2019, the following investment holding was material.

	2019 £
Rathbone Core Investment Fund For Charities	286,026

At 31 December 2018, the following individual investment holdings were material.

	2018 £
Rathbone Core Investment Fund For Charities	379,702

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

10. Investments (continued)

Listed investments held at 31 December 2019 comprise the following:

	2019 £	2018 £
Alternative	286,026	480,912
	<u>286,026</u>	<u>480,912</u>

As at 30th June 2020 the market value of the investment portfolio has fallen to £780,497, this reduction includes withdrawals to capital of £500,000 and a small negative impact because of the coronavirus pandemic's impact on global capital market. The Trustees conclude that this does not cast significant doubt on the ability of the charity to continue as a going concern, as the Trustees are of the opinion that this represents sufficient resources to meet the charity's liabilities as they fall due.

11. Debtors

	2019 £	2018 £
Trade debtors	11,155	12,982
Prepayments and accrued income	100,735	14,315
	<u>111,890</u>	<u>27,297</u>

12. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	118,993	26,274
VAT and payroll taxes	4,256	3,789
Accruals and deferred income	77,137	87,526
	<u>200,386</u>	<u>117,589</u>

Accruals include £50,000 (2018 - £50,000) in respect of grant commitments to 30 June 2020, in accordance with the accounting policy.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

13. Designated funds

	At 1 January 2019 £	New designations £	Utilised/ released £	At 31 December 2019 £
The Matthew Hodder Fund	928,958	—	(928,958)	—
The Bookbinders Fund	707,819	—	(707,819)	—
Tangible Fixed Assets Fund	7,669,617	552,060	(97,478)	8,124,199
	9,306,394	552,060	(1,734,255)	8,124,199

The Matthew Hodder Fund had been designated by the trustees based on the value of gift received from the Matthew Hodder Charitable Trust. It had been set aside to guarantee funds and underwrite grants given under the new initiatives for educational, training and literary projects which further the objectives of the charity; such grants reduced the capital balance of the designated fund.

The Bookbinders Fund had been designated by the trustees based on the value of the assets received when the charity merged with the Bookbinders Charitable Society. It had been set aside to ensure available funds for renovation and refurbishment of the Bookbinders Cottage Homes, and development of projects specifically related to this new area of activity amongst the wider beneficial group.

With the necessity to utilise a large part of these funds to develop the Whetstone site, it was considered sensible to bring these funds into the general unrestricted funds of the charity, and de-designate the balances. This is within the powers of the trustees; work currently supported will be drawn into the general activities of BTBS, and these activities provided for within the annual budget of the charity as a whole.

The tangible fixed assets fund represents the amount of funds locked up in fixed assets which are needed for operational purposes. Depreciation of fixed assets is charged to the designated fund.

	At 1 January 2018 £	New designations £	Utilised/ released £	At 31 December 2018 £
The Matthew Hodder Fund	977,358	—	(48,400)	928,958
The Bookbinders Fund	801,325	—	(93,506)	707,819
Tangible Fixed Assets Fund	7,671,970	93,506	(95,859)	7,669,617
	9,450,653	93,506	(237,765)	9,306,394

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

14. Restricted funds

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
Ola Gotkowska's Appeal	—	13,180	(13,180)	—
	—	13,180	(13,180)	—

The Ola Gotkowska Appeal was set up by the Charity in 2018. The Charity is to raise and distribute funds to assist with medical costs relating to diagnosis, treatment and support.

	At 1 January 2018 £	Income £	Expenditure £	At 31 December 2018 £
Ola Gotkowska's Appeal	—	42,018	(42,018)	—
	—	42,018	(42,018)	—

15. Analysis of net assets between the funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	—	8,124,199	—	8,124,199
Investments	250,194	1,040,762	—	1,290,956
Current assets	414,905	—	—	414,905
Current liabilities	(200,386)	—	—	(200,386)
At 31 December 2019	464,713	9,164,961	—	9,629,674

	Unrestricted funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	—	7,669,617	—	7,669,617
Investments	376,835	1,636,777	—	2,013,612
Current assets	36,310	—	6,949	43,259
Current liabilities	(110,640)	—	(6,949)	(117,589)
At 31 December 2018	302,505	9,306,394	—	9,608,899

16. Volunteers

- Volunteers constitute the Board of trustees, with co-options to the committees and, recognition given to their contribution to the charity's achievements and developments during the year, without which the charity would not be able to achieve all that it does to relieve need. The support of the President and the honorary Treasurer is particularly significant
- Book trade colleagues who help to collect books for booksales at The Retreat, from the London and Frankfurt Book Fairs
- The Retreat residents and friends who organise social occasions and outings, and volunteer Graham Hogben drives the minibus for the weekly supermarket trips, and other occasional outings.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

17. Contingent asset

The Trustees of Old Possum's Practical Trust have agreed to donate £10,000 to the charitable company annually, as long as the Trust's funds permit. No debtors have been recognised in the financial statements in respect of future donations as it is not possible to determine how long the Trust will continue to donate to the charitable company.

18. Lease commitments

At 31 December 2019, the charity had the following future minimum commitments in respect to non-cancellable operating:

	Equipment	
	2019 £	2018 £
Within one year	2,954	2,954
Within two and five years	8,123	11,076
	<u>11,077</u>	<u>14,030</u>

19. Capital commitments

As at 31 December 2019, the charitable company had contracted for capital commitments amounting to £2,195,189 in relation to the redevelopment of properties at the Whetstone site, which are not otherwise provided for in the financial statements. The project is due to be financed using a combination of new and existing capital and an agreed loan facility, which is secured against properties at The Retreat.

20. Control

The charitable company is controlled by the members who are the trustees of the charitable company.

21. Related party transactions

During the year, the following transactions took place at arm's length between the charity and its related parties:

£48,088 (2018 - £35,300) was received as donations from various organisations in which some trustees are involved and in donations from trustees as individuals. In addition, in the prior year ended 31 December 2018, an amount of £6,410 was transferred to the Book Trade Charity in error and is shown within creditors at 31 December 2018. This was returned in the year ended 31 December 2019.

David Hicks, the charity's Chief Executive Officer, is a resident of The Retreat and therefore pays a monthly rental charge to the Book Trade Charity. This transaction is undertaken at arm's length.

22. Women in Publishing

During the prior year, ended 31 December 2018, the charity acted as an agent for the Women in Publishing archive project, over which the trustees have no responsibility for the application of funds. In the prior year £13,965 was expensed on behalf of Women in Publishing. Accordingly, the income and balances have been excluded from the comparative information in the financial statements. There was no such activity in the year ended 31 December 2019.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2019

23. Post balance sheet events

As at 30th June 2020 the market value of the investment portfolio has fallen to £780,497, this reduction includes withdrawals to capital of £500,000 and a small negative impact because of the coronavirus pandemic's impact on global capital market. The Trustees conclude that this does not cast significant doubt on the ability of the charity to continue as a going concern, as the Trustees are of the opinion that this represents sufficient resources to meet the charity's liabilities as they fall due.

Operationally, as a result of the outbreak of the pandemic, the Board have identified the need:

4. To provide additional support to beneficiaries of the Charity over this uncertain period. The Board has set up a specific support fund and as at 30 June 2020 have raised approximately £380,000 to support individuals affected by the outbreak.
5. To support residents through regular contact by staff; the neighbourly community of the housing has come into its own as most residents have been self-isolating.
6. To assist staff through David Hicks (as living on the estate) staffing the office during normal working hours/days, while the other three staff have worked primarily from home, with remote access to computer systems, and occasional visits to the office when it is otherwise unattended by other staff. The Charity has continued to operate satisfactorily, despite the unusual circumstances and necessary responses; the staff should be congratulated on functioning so well.