

# The Society of Authors

84 Drayton Gardens, London SW10 9SB

## 2012 Annual Report

President: Baroness James of Holland Park, OBE

Chair: Anne Sebba

Chief Executive: Nicola Solomon

### The Council:

Brian Abbs  
Dannie Abse CBE  
Allan Ahlberg  
Brian Aldiss OBE  
Sir Alan Ayckbourn CBE  
\*Patrick Barwise  
\*Alison Baverstock  
Antony Beevor  
Anthea Bell OBE  
William Boyd CBE  
Simon Brett  
Lord Briggs  
Dame Antonia Byatt  
Tracy Chevalier  
Wendy Cope OBE  
\*Andrew Crofts  
\*Gregor Dallas  
Lindsey Davis  
Peter Dickinson OBE  
Dame Margaret Drabble CBE  
Maureen Duffy  
Helen Dunmore  
Nicholas Faith

Clare Francis  
Lady Antonia Fraser CBE  
Michael Frayn  
\*Juliet Gardiner  
Sir Martin Gilbert CBE  
Victoria Glendinning CBE  
\*Philip Gross  
\*Daniel Hahn  
Sir Ronald Harwood CBE  
Richard Hoggart  
Tom Holland  
Sir Michael Holroyd CBE  
William Horwood  
Shirley Hughes OBE  
Steve Jones  
\*David Kynaston  
Mark Le Fanu OBE  
Doris Lessing CH  
Dame Penelope Lively CBE  
David Lodge CBE  
Ian McEwan CBE  
Hilary Mantel CBE  
Deborah Moggach

Jan Morris CBE  
Sir Andrew Motion  
Sir Vidia Naipaul  
Derek Parker  
Jill Paton Walsh CBE  
Sir Terry Pratchett OBE  
Philip Pullman CBE  
Isabel Quigly  
\*Bali Rai  
Piers Paul Read  
Baroness Rendell CBE  
Gillian Reynolds MBE  
J. K. Rowling OBE  
\*James Runcie  
Hilary Spurling CBE  
Sir Tom Stoppard OM, CBE  
Claire Tomalin  
Rose Tremain CBE  
William Trevor Kt, CBE  
Joanna Trollope OBE  
Fay Weldon CBE  
Dame Jacqueline Wilson  
Philip Ziegler CVO

*\*Member of the Committee of Management*

tel 020 7373 6642  
info@societyofauthors.org

fax 020 7373 5768  
www.societyofauthors.org

The Society of Authors is a company registered in England No. 19993  
and an independent trade union



## **The 2012 report to members**

The purpose of this report is briefly to summarise the Society's work during 2012. During the year, members were sent four issues of *The Author*, which gave more extensive accounts of matters of importance and interest as they arose; while further information, 'breaking news', and copies of formal submissions and representations, were given on the Society's website. At the AGM which will be held in November 2013 (and on the website at that time) members will be updated on developments since the end of 2012.

## **The state of publishing**

Things did not get noticeably easier for authors during 2012, except that the rapid improvements in the ease, sophistication and quality of self-publishing (be that as an ebook or in print) meant that authors feeling let down – or dropped – by traditional publishers increasingly turned to what is now a viable alternative 'route to market', without having to spend the often thousands of pounds that subsidised publishing used to necessitate.

## **The day-to-day work of the Society**

The Society's administrative time is principally spent on responding to members' queries on all aspects of the professional writing life, including vetting contracts; helping to organise events which attempt to address as many parts of the country and as many genres of writing as possible (suggestions from members always welcome), as well as and through the various specialist Groups (whose activities and campaigns are reported in *The Author*). There is also the administration of the membership department, the website, *The Author* and various social media links with members.

Events for members included sessions on how to use social media, how to self-publish ebooks, and how to manage your website; school visits for beginners, sci-fi for children and young adults, and *Joined-Up Reading*: a weekend conference on children's books and writing. There were also meetings on writing for sound, adapting books for radio, and an evening with Julian Fellowes; close involvement with the Translation Centre at the London International Book Fair and various mentoring schemes and workshops for translators; and an extensive range of events for members in the North of England and those in Scotland, as well as involvement in the Edinburgh International Book Festival.

## **The public face of the Society**

The Society regularly liaises with like-minded organisations (in the UK and overseas) on professional matters and social activities for authors; and actively lobbies the government and other relevant bodies as appropriate. Matters of particular concern during 2012 included:

The EU published an Orphan Works Directive. It coincided with the publication of the government's Digital Economy Bill which included draft provisions for extended collective licensing and the licensing of orphan works. The Society was one of a wide range of organisations forming a working group set up to consider these issues in detail – including how to ensure rigorous 'diligent search' requirements.

In the summer, the DCMS held a public consultation over its proposal to close the PLR Office in Stockton-on-Tees and transfer the administration of PLR to some other body. The Society responded, robustly arguing for the maintenance of the existing arrangements, the dangers of enforcing the proposed change, and the lack of evidence that changing would result in savings. Very many individuals and other organisations responded likewise. As the year ended, a decision on the future of PLR was still awaited.

We were pleased that during 2012 the government set up a working group (including SoA Council member Joanna Trollope) to look at the potentially far-reaching implications of ebook lending by public libraries. In addition, the Society made a detailed submission emphasising the importance of an efficient and comprehensive library service, the need for the implications of e-lending to be carefully considered, and the importance of ensuring that authors be properly remunerated. On the other hand it was frustrating that the extension of PLR to the on-site lending of ebooks and audiobooks, as provided for in the Digital Economy Act 2010, had still not been implemented.

The Society campaigned on a number of fronts in support of the survival of high street bookshops, and the encouragement of reading for pleasure in schools including making school visits by authors, and school libraries, compulsory. During the year the threat to public libraries grew and the passionate fight to save them continued.

In the summer, following the 'Hargreaves Report of Intellectual Property and Growth', a lengthy period of consultation, and detailed submissions by the Society amongst others, the government released a policy document 'to ensure copyright makes the

greatest possible contribution to UK economic growth and to our society'. Some proposals were welcomed but it was expected that, when the full details were published, others would need to be considered very carefully particularly the anticipated widening educational exceptions.

## **The constitution, and Committee elections**

As reported in the 2011 Annual Report, the Management Committee had agreed to review and, where practicable, to modernise the Society's constitution and the process for elections to the Committee. During the year members were invited to, and did, submit much useful feedback to draft proposals sent to all members by post and published on the website; in addition the principal concerns about the election process were itemised by John Hands in an article in *The Author*.

Specialist advice was sought from lawyers on the Society's complex corporate structure and the extent to which altering that structure was possible or advisable, and the Management Committee, in particular the Chair, spent considerable time on the detailed wording of the constitution. It had been hoped that Resolutions relating to the constitution could be voted on at the AGM in September but that did not prove possible. The Management Committee decided therefore to look again at the issues and, as the year ended, was in the process of forming a Task Force for that purpose. In the meantime, a number of changes were implemented including the publication of summaries of Committee meetings on the website and, as it more accurately reflected her role, changing Nicola Solomon's job title from General Secretary to Chief Executive.

## **Grants**

The Society distributed £100,423 to writers through the Authors' Foundation and a further £19,684 through the K Blundell Trust. These grants enable writers to buy time to write and research, and to travel, while working on their next book. Grants totalling £13,620 from the Authors' Contingency Fund, £15,000 from the Francis Head Bequest, £500 from the John Masefield Memorial Trust Fund, and £500 from the Margaret Rhondda Award were made to professional writers in sudden financial difficulty.

## **Prizes**

Full details of the winners of the various prizes administered by the Society were given in *The Author*. The prizes awarded during the year included:

The Society's Awards totalling £65,000, given at a reception in June at the Cavalry & Guards Club. They were introduced by Lindsey Davis and presented by Claire Tomalin, and included the Travelling Scholarships, the McKitterick Prize, the Betty Trask Prize and Awards, the Cholmondeley Awards and the Eric Gregory Awards; also the British Council Award for ELT Writing, sponsored by the British Council, and the £5,000 Elizabeth Longford Prize for Historical Biography sponsored by Flora Fraser and Peter Soros.

In January the 2011 Imison and Tinniswood Awards for Radio Drama (£1,500 each), presented by David Tennant at an inaugural radio awards evening hosted by the BBC. In the autumn, the £2,000 ALCS Award for Educational Writing, presented by Ed Vaizey MP, Minister for Communications and the Creative Industries at the All Party Writers Group Winter Reception at the House of Commons.

The 2011 Translation Prizes, presented in February at King's Place, London N1. They were the Saif Ghobash-Banipal Prize (from Arabic), sponsored by Omar Saif Ghobash and the Ghobash family and the Banipal Trust for Arab Literature; the Schlegel-Tieck Prize (from German), sponsored by the Goethe-Institut, the German Embassy and Arts Council England; the Scott Moncrieff Prize (from French), sponsored by the French Ministry of Culture, the French Embassy and Arts Council England; the Premio Valle Inclán (from Spanish), sponsored by the Cultural and Scientific Office of the Spanish Embassy, the Instituto Cervantes in London and Arts Council England; and the Vondel Prize (from Dutch and Flemish), sponsored by the Dutch Foundation for Literature and the Flemish Literature Fund.

## **Membership and subscriptions**

Subscriptions were raised modestly on 1st January 2012 (the first increase since 2008 and one which was below the rate of inflation over the same period). During the year, the number of Members of the Society rose slightly, from 8,661 to 8,680 and Associates rose from 364 to 374. While we are delighted that so many authors are members, there are many others who are not. Those joining often tell us that they have been encouraged to do so by existing members – please continue to help us expand our numbers.

Subscription benefits included discounts on books and magazine subscriptions, and special rates on various forms of professional insurance. This year we added a new deal for Public Liability Insurance, following comments and a survey that indicated that a substantial number of authors, particularly those visiting schools, require such insurance. We also introduced an online form to allow membership applications via the website.

The Society communicates with members in a range of ways: directly to individuals in response to emails, letters and phone calls on any matter relating to the business of authorship; via *The Author* and the website. We also have a presence on Twitter, Facebook and LinkedIn.

## **Our gratitude to members**

Last, but most certainly not least, it is not possible to list all those who have given time and expertise to the Society but, amongst many others, we are grateful to the following for their help during the year:

Particular thanks to Lindsey Davis for her work as Chair of the Management Committee and her forensic, perceptive and time-consuming attention to the fine-print of the old and proposed new constitution; to Andrew Rosenheim who stepped down in December after six years as Editor of *The Author*; and to Enid Stephenson and the Committee of the Children's Writers & Illustrators Group for the substantial work of organising the *Joined-Up Reading* conference.

The Management Committee: Anne Sebba (Chair), Patrick Barwise, Alison Baverstock, Andrew Crofts, Gregor Dallas, Juliet Gardiner, Philip Gross, Daniel Hahn, David Kynaston, Bali Rai and James Runcie. Also retiring Committee members Nicholas Clee, Graham Joyce and Sarah Waters.

The Society of Authors in Scotland Committee: Lin Anderson (Chair), Catherine Czerkawska, Jonathan Falla, Iain Gale, Cathy MacPhail, Michael Malone, Gillian Philip and Sara Sheridan. Also retiring Committee members Maggie Craig, Angus Konstam, Sheila Templeton and John Ward.

The Broadcasting Group Committee: John Taylor (Chair), Ruth Brandon, Lucy Caldwell, Alison Joseph, Anette Kobak, Christopher William Hill, Michelle Lipton, Jane Thynne, Stephen Wakelam and Elizabeth-Anne Wheal. Also retiring Committee members Karl Sabbagh and Colin Teevan.

The Children's Writers and Illustrators Group Committee: Helena Pielichaty (Chair), John Dougherty, Sarah McIntyre, Michaela Morgan, Nicola Morgan, Mal Peet, Nicola Smee and Annemarie Young. Also retiring Committee members Nicola Davies, Patrick Ness and Bali Rai.

The Educational Writers Group Committee: Chris Barker (Chair), Marie-Thérèse Bougard, John Butterworth, Philip Prowse, Anne Rooney, Nicholas Tims and Jenny Vaughan. Also retiring Committee members Dick Bateman, Anita Loughrey, Hilary Parnall and Russell Whitehead.

The Translators Association Committee: Maureen Freely (Chair), Robert Chandler,

Howard Curtis, Nicky Harman, Rosalind Harvey, Anna Holmwood, Antonia Lloyd-Jones, Trista Selous, Samantha Schnee, Stefan Tobler and Helen Wang. Also Shaun Whiteside (representing CEATL), Daniel Hahn (representing BCLT), and retiring Committee members Nick Caistor, Kevin Halliwell, Ros Schwartz and Paul Vincent.

The Authors North Committee: Clare Dudman (Chair), John Rice, Agnes Sam and Colin Shelbourn. Also retiring Committee members June Oldham and Helen Shay.

Michael Ridpath, Patrick Barwise and the Hon Treasurer Barry Kernon, who are Financial Advisers to the Management Committee.

The judges and assessors of the Society's various prizes, grants and awards, including: Simon Adams, Moniza Alvi, Claire Armistead, Paul Bailey, Jenny Bergrenn, Terence Blacker, Simon Brett, the members of the Broadcasting Committee, Elizabeth Buchan, Mavis Cheek, Polly Clark, Gillian Clarke, Jim Crace, Kay Dunbar, Roy Foster, Antonia Fraser, Flora Fraser, Ingrid Freebairn, Frances Fyfield, Judy Garton-Sprenger, Mike Gayle, David Gilmour, John Greening, Sophie Hannah, Alan Judd, Lee Langley, Alan Maley, Adam Mars-Jones, Caroline Moorehead, Adam O'Riordan, Ian Patterson, Munro Price, Sameer Rahim, Carol Rumens, Fiona Sampson, Jo Shapcott, Helen Simpson, Louise Trevelyan, Fay Weldon, Frances Wilson. Also the judges of the translation prizes: Paul Binding, Sarah Churchwell, Sam Garrett, Philip Hensher, Emily Jeremiah, John King, Jeremy Munday, Christina Phillips, Ina Rilke, Michèle Roberts, Jacob Ross, Ben Schofield, Samuel Shimon, Joan Smith, Martin Sorrell, Jason Wilson.

ANNE SEBBA, Chair  
NICOLA SOLOMON, Chief Executive

For the Committee of  
Management



## Balance Sheet as at 31st December 2012

	NOTES	2012 £	2011 £
FIXED ASSETS	1		
Tangible Fixed Assets	6	273,191	281,985
Quoted Investments at Cost	8(i)	<u>749,225</u>	<u>714,648</u>
		1,022,416	996,633
CURRENT ASSETS			
Debtors and Prepayments	11	54,718	86,916
Cash at Bank and in Hand		276,051	222,791
		330,769	309,707
CREDITORS: Amounts falling due within one year	10	<u>547,525</u>	<u>558,861</u>
NET CURRENT ASSETS		(216,756)	(249,154)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>805,660</u>	<u>747,479</u>
Represented by:			
Share Capital	2	72	72
Capital Reserve	7	141,482	141,482
General Fund		664,106	605,925
		<u>805,660</u>	<u>747,479</u>

## Income and Expenditure Account for the Year ended 31st December 2012

	NOTES	2011 £	2010 £
Income for the year	1	999,480	1,024,327
Administration Costs and Other Operating Charges		<u>1,025,443</u>	<u>992,828</u>
SURPLUS		(25,963)	31,499
Surplus on Sale of Investments and Property		87,137	271
		61,174	31,770
Less: Bank Interest Paid		-	-
SURPLUS BEFORE TAXATION		61,174	31,770
Taxation	5	<u>(2,993)</u>	<u>(2,231)</u>
SURPLUS AFTER TAXATION		58,181	29,539
Decrease in Provision for Fall in Value of certain Investments	8	-	-
RETAINED SURPLUS TRANSFERRED TO GENERAL FUND		58,181	29,539
General Fund Brought Forward		605,925	576,386
SURPLUS OF GENERAL FUND CARRIED FORWARD		<u>664,106</u>	<u>605,925</u>

## Detailed Income and Expenditure Account for the Year ended 31st December 2012

INCOME	NOTES	2012 £	2011 £
Members Annual Subscriptions	1	704,637	684,431
Commissions on Royalty Collections		107,374	121,248
Management Fees		73,300	56,641
Rents Receivable Less Expenses		68,408	56,858
Interest Receivable		191	260
Income from Quoted Investments	8(ii)	28,750	28,122
Royalties and Other Income		42,868	47,354
Donations and Legacies		<u>(26,048)</u>	<u>29,413</u>
		999,480	1,024,327
<b>EXPENDITURE</b>			
Salaries and Fees		605,743	573,816
National Insurance Contributions		63,773	62,537
Pension Contributions		54,955	65,897
Printing and Stationery		14,870	10,962
Postage and Communications		25,688	20,175
Legal and Professional Fees		29,307	26,116
Rates and Insurance		32,751	32,158
Heating, Lighting and Cleaning		17,407	16,823
Repairs and Maintenance		23,742	15,998
Travelling and Entertaining		8,355	10,236
Net Cost of Publications		70,378	65,674
Books and Periodicals		2,888	2,821
Society Functions		6,569	6,703
Grants and Donations		290	230
Bank Charges		6,422	4,700
Society Groups		8,383	11,453
Sundry Expenses		9,636	9,976
Computer Expenses		29,123	28,524
Depreciation of Fixed Assets	1&6	15,163	28,767
(Profit)/Loss on Sale of Fixed Assets		-	<u>(738)</u>
		1,025,443	992,828
Bank Interest Paid		-	-
		---	---
		<u>1,025,443</u>	<u>992,828</u>
(DEFICIT)/SURPLUS for the year		(25,963)	31,499
Profit on Sale of Investments		37,522	271
Profit on Sale of Easement		49,615	-
TOTAL SURPLUS for the year		<u><u>61,174</u></u>	<u><u>31,770</u></u>

## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

The Financial Statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The freehold properties at 82 and 84 Drayton Gardens, London, SW10 9SB are recorded at cost. The opinion of the Committee of Management is that the current market value is still substantially in excess of cost and therefore a professional valuation was not considered necessary.

Members' subscriptions are annual payments due at varying dates throughout the year. The amount of subscriptions applicable to any period after 31st December 2012 is prepaid by the Society and is included in Creditors shown in Note 10. Other income is included on the basis of amounts receivable in the year.

Income for the year represents the net income of the Society excluding Value Added Tax, and is attributable to the principal activity.

The Society is managed by a Committee whose Members are not remunerated for their services and the "Close Company" provisions of the Income and Corporation Taxes Act 1988 do not apply.

Depreciation is provided to write off assets over their estimated useful lives at the following rates:-

Freehold Property and Improvements (excluding Land)	1% per annum on cost
Furniture, Fittings and Equipment	20% per annum on cost
Motor Vehicles	25% per annum on cost

Overseas currencies are converted at the rates of exchange applying at the date of each transaction.

The Management Committee has relied upon the exemptions available for small companies and has not produced a cash flow statement.

The Society operates defined contribution pension schemes. Contributions payable for the year are included in the Income and Expenditure Account.

Quoted Investments are included at cost price except where, in the opinion of the Management Committee, any fall in the value of individual holdings is likely to reflect a permanent diminution of value. These holdings are included at market value, and the remaining holdings continue to be included at cost.

### 2. SHARE CAPITAL AT 31 DECEMBER 2012 AND 2011

		Authorised	Issued and Fully Paid
2012	Shares of £1 each	<u>1,000</u>	<u>72</u>
2011	Shares of £1 each	<u>1,000</u>	<u>72</u>

Shareholders have no right to participate in any surplus either by way of dividends or on winding up, and as a result the shareholders interests are limited to the Issued Share Capital.

### 3. ALLOCATED FUNDS

In 1968, the Society established a Foundation Fund to receive donations or loans for the benefit of the Society. Separate financial statements are prepared for this fund.

There is no political fund held or operated by the Society.

### 4. CHARITABLE FUNDS

The Society is responsible for the administration of various Charitable Trust Funds for the benefit of authors for which separate audited financial statements are prepared.

5. TAXATION	2012 £	2011 £
Tax Paid on Investment Income Received	2,868	2,843
Tax Paid on Interest Received	34	41
	<u>2,902</u>	<u>2,884</u>
Corporation Tax payable for the year at 20% (2011: 20%/21%)	91	-
Refundable Tax on Interest paid	-	(653)
Interest received on Tax refunded	-	-
Taxation Charge	<u>2,993</u>	<u>2,231</u>

There is no provision for deferred taxation as in the opinion of the Management Committee no deferred tax liability is likely to arise.

### 6. TANGIBLE FIXED ASSETS

COST	FREEHOLD PROPERTIES & IMPROVEMENTS £	FURNITURE FITTINGS AND EQUIPMENT £	MOTOR VEHICLES £	TOTAL £
At 1 January 2012	285,999	215,506	7,000	508,505
Additions	-	6,754	-	6,754
	<u>285,999</u>	<u>222,260</u>	<u>7,000</u>	<u>515,259</u>
LESS: Disposals	(500)	-	-	(500)
As at 31 December 2012	<u>285,499</u>	<u>222,260</u>	<u>7,000</u>	<u>514,759</u>
DEPRECIATION				
As at 1 January 2012	25,576	193,945	6,999	226,520
Charge for the year	2,785	12,378	-	15,163
	<u>28,361</u>	<u>206,323</u>	<u>6,999</u>	<u>241,683</u>
LESS: Disposals	(115)	-	-	(115)
As at 31 December 2012	<u>28,246</u>	<u>206,323</u>	<u>6,999</u>	<u>241,568</u>
NET BOOK VALUE				
At 31 December 2012	<u>257,253</u>	<u>15,937</u>	<u>1</u>	<u>273,191</u>
At 31 December 2011	<u>260,423</u>	<u>21,561</u>	<u>1</u>	<u>281,985</u>

7. CAPITAL RESERVES

	2012	2011
	£	£
Brought Forward	<u>141,482</u>	<u>141,482</u>

8. QUOTED INVESTMENTS

i) The cost and market value of Quoted Investments at 31st December 2012 (and 2011) are as follows:-

	2012		2011	
	Cost	Market Value	Cost	Market Value
	£	£	£	£
General Fund - Cost brought forward	714,648		715,031	
Additions (less disposals)	34,577		(383)	
	-----			
	749,225	1,169,014		1,090,088
Less: Provision for Fall in Value of certain Investments	-		-	
	-----	-----	-----	-----
	<u>749,225</u>	<u>1,169,014</u>	<u>714,648</u>	<u>1,090,088</u>

ii)	Investment Income produced by these investments is as follows:-		GROSS	TAX
			Income	Deducted
			£	£
General Fund -	Unfranked Investment Income		1,569	314
	Franked Investment Income		22,530	2,252
	Interest received Net of Tax		1,508	302
	Interest received Gross		<u>3,143</u>	-
			<u>28,750</u>	<u>2,868</u>

9.	STAFF COSTS	2012	2011
		£	£
	Wages and Salaries	576,258	547,719
	Benefits	8,030	11,237
	Social Security Costs	63,773	62,537
	Fees	21,471	19,736
	Pension Contributions	<u>54,955</u>	<u>65,897</u>
		<u>724,487</u>	<u>707,126</u>

The average weekly number of employees during the year was as follows:-

<u>16</u>	<u>15</u>
-----------	-----------

The Trade Union and Labour Relations (Consolidation) Act 1992 (amended) requires details of the salary and other benefits paid to each member of the executive, the President and the Chief Executive to be disclosed. No member of the executive or the President is remunerated and the disclosure requirement in respect of the Chief Executive in total is £104,936 inclusive of benefits, pension contributions, death in service life insurance and Employer's National Insurance.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Members' Subscriptions (prepaid)	319,895	304,218
National Insurance and Income Tax	20,836	19,366
Value Added Tax	9,925	12,201
General Creditors and Accruals	11,345	13,412
Bank Overdraft (see below (i) & (iv))	-	37,073
Literary Estates	185,433	172,591
Corporation Tax payable	91	-
	<u>547,525</u>	<u>558,861</u>

- i) The Bank Overdraft is unsecured, and there is a set off arrangement against cash at bank.  
 ii) There were no contingent liabilities at 31st December 2012 (2011: None).  
 iii) There are no major capital commitments authorised by the Management Committee.  
 iv) Bank Loans and Overdrafts:-

Amounts falling due within one year:		
Bank Overdraft	-	<u>93,903</u>

11. DEBTORS AND PREPAYMENTS

Debtors (due within one year)	37,509	57,910
Income Tax Repayable	653	653
Prepayments	<u>16,556</u>	<u>28,353</u>
	<u>54,718</u>	<u>86,916</u>

12. OPERATING SURPLUS

The Operating Surplus for the year is arrived at after charging inter alia:-

Staff Costs (See Note 9)	724,487	707,126
Depreciation and Loss on disposal of Tangible Fixed Assets	<u>15,163</u>	<u>28,029</u>

13. PENSION COSTS

The Society operates defined contribution pension schemes for the benefit of its staff members. Contributions are paid monthly and the charge in the Income and Expenditure Account is the amount payable for the year (See Note 9). The funds are held separately from those of the Society in independently administered funds. Included in general creditors is the sum of £Nil (2011: £Nil) in respect of amounts payable to the schemes at the year-end.

## Review of Business

A summary of the results of the year's activities is given on pages 9 to 14.

Movements in 2012 compared to 2011, and the movements in 2011 compared to 2010, were as follows:-

	2012 compared to 2011	2011 compared to 2010
	£	£
Members' Annual Subscriptions	Increase £20,206	Increase £7,333
Commissions on Royalty Collections	Decrease (13,874)	Increase 33,069
Income from Investments and Interest	Increase 558	Increase 1,040
*Royalties, Donations and Other Income	Decrease (59,947)	Increase 60,021
Management Fees	Increase 16,659	Decrease (25,078)
Rents Receivable	Increase 11,550	Decrease (1,273)
Total Income	Decrease (24,848)	Increase 75,112
Total Expenditure	Increase 32,615	Increase 55,937

\*The donation received in the previous year of £29,347 which was included in Donations and Legacies, has this year been transferred to the Authors' Foundation Fund, which is one of the charities managed by the Society.

The Surplus for the year after Taxation was £58,181 (2011:£29,539) which included surpluses on the sale of investments and an easement of £87,137 (2011: £271 from the sale of investments only). The surplus for the year was transferred to the General Fund.

The Net Current Assets of the Society increased during the year by £32,000 (2011: £55,000) and the Fixed Assets increased during the year by £25,000 (2011: decreased by £25,000), making the total assets of the Society £805,000 (2011: £747,000). The market value of the investments at the year-end date exceeded the cost price by £420,000 (2011: £375,000). This sum was transferred to the General Fund.

## Auditor's Report

### Scope

We conducted our engagement in accordance with the Institute of Chartered Accountants in England and Wales Interim Technical Release AAF 03/06. Our work was based primarily upon enquiry, analytical procedures and assessing accounting policies in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). If we considered it to be necessary, we also performed limited examination of evidence relevant to certain balances and disclosures in the financial statements where we became aware of matters that might indicate a risk of material misstatement in the financial statements.

The terms of our engagement exclude any requirement to carry out a comprehensive assessment of the risks of material misstatement, a consideration of fraud, laws, regulations or internal controls, and we have not done so. We are not required to, and we do not, express an audit opinion on these financial statements.

### Conclusion

Based on our work, nothing has come to our attention to refute the directors' confirmation that in accordance with the Companies Act 2006 the financial statements give a true and fair view of the state of the Society's affairs as at 31st December 2012 and of its profit for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard form Smaller Entities (effective April 2008).

Berry & Co  
Chartered Accountants  
24 Ashford Road  
Tenterden  
Kent TN30 6QU

Date: 28th May 2013

## Statement to Members

We are required by law to state:

“A member who is concerned that some irregularity may be occurring, or have occurred, in the conduct of the financial affairs of the union may take steps with a view to investigating further, obtaining clarification and, if necessary, securing regularisation of that conduct.

“The member may raise any such concern with such one or more of the following as it seems appropriate to raise it with: the officials of the union, the trustees of the property of the union, the auditor or auditors of the union, the Certification Officer (who is an independent officer appointed by the Secretary of State) and the police.

“Where a member believes that the financial affairs of the union have been or are being conducted in breach of the law or in breach of rules of the union and contemplates bringing civil proceedings against the union or responsible officers or trustees, he should consider obtaining independent legal advice.”