

24 BEDFORD ROW

2019

← 2018

2019

Member Statement & Accounts

## THE SOCIETY OF AUTHORS' STATEMENT TO MEMBERS FOR THE PERIOD ENDED 31 DECEMBER 2019

as required by section 32a of trade union and labour relations (consolidation) act 1992

### INCOME AND EXPENDITURE

The total income of the union for the period was £1,883,224. This amount included payments of £976,816 in respect of membership income of the union. The union's total expenditure for the period was £1,841,164.

### POLITICAL FUND

In respect of the union's political fund, its total income was £0 and total expenditure was £0.

### GENERAL SECRETARY SALARY AND OTHER BENEFITS

The General Secretary of the union was paid £103,143 in respect of salary and £14,885 in respect of benefits.

### IRREGULARITY STATEMENT

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 the rules of the union and contemplates bringing civil proceedings against the union or responsible officials or trustees, he should consider obtaining independent legal advice.

### AUDITOR'S REPORT

The auditor's report for this period is included with the Financial Report that follows.

# FINANCIAL REPORT 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

## PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was as the UK trade union for writers, illustrators and literary translators.

## DIRECTORS

The directors in the left column below have held office during the whole of the period from 1 January 2019 to the date of this report. Changes in directors holding office are shown in the right column.

D C P Donachie	C A Lee (resigned 21 November 2019)
J M S Harris	C Palliser (resigned 21 November 2019)
F Dennis	C Rees (resigned 21 November 2019)
M Hoffman	V Fox O'Loughlin
P Womack	(appointed 21 November 2019)
S J Collett	A M Longstaff
W Phoenix	(appointed 21 November 2019)
K Quarmby	S P Cann
M H P Roberts	(appointed 21 November 2019)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

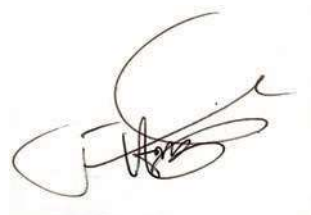
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## AUDITORS

The auditors, Knox Cropper LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

Approved by the board of directors on 13 May 2020 and signed on their behalf:



**J M S Harris - Director**

**Date: 4 August 2020**

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE SOCIETY OF AUTHORS

We have audited the financial statements of The Society of Authors (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with sections 28,32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

## 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there

is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on the previous page, the directors 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 directors determine 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITY 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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## USE OF OUR REPORT

This report is made solely to the 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 company's members those matters we are required to state to them in a Report of the Auditors and for

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

*Knox Cropper LLP*

**Simon Goodridge (Senior Statutory Auditor)**  
for and on behalf of Knox Cropper LLP  
65 Leadenhall Street  
London  
EC3A 2AD  
Date: 4 August 2020

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>INCOME</b>			
Operating Income		1,274,037	1,202,805
Investment and Rental Income		96,102	70,210
Donations and Legacies		7,095	218,507
Grant from the Foundation Fund		304,169	-
Other Grant and Project Income		15,000	21,000
Total Income		1,696,403	1,512,522
<b>EXPENDITURE</b>			
Operating Expenditure		1,768,620	1,452,762
<b>Operating Loss</b>	4	(72,217)	59,760
Gain/(Loss) on Investments		229,771	(137,780)
(Loss)/Profit on sale of Tangible fixed assets		(42,950)	4,859,683
Profit on sale of Investment property		-	241,831
Interest payable and similar charges		(26,135)	(14,315)
<b>Profit/(Loss) before Taxation</b>		88,469	5,009,179
Tax on Profit/(Loss)	5	46,409	(233,306)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		42,060	5,242,485

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 13 May 2020 and were signed on its behalf by:



**J M S Harris - Director, Date: 4 August 2020**

## BALANCE SHEET 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	6	5,889,453	5,099,199
Investments	7	2,167,523	1,439,515
Investment property	9	1,913,985	1,870,000
		9,970,961	8,408,714
<b>CURRENT ASSETS</b>			
Debtors	10	100,421	3,799,571
Cash in hand		691,857	570,384
		792,278	4,369,955
<b>CREDITORS</b>			
Amounts falling due within one year	11	738,343	2,850,650
<b>NET CURRENT ASSETS</b>		53,935	1,519,305
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,024,896	9,928,019
<b>PROVISIONS FOR LIABILITIES</b>			
	13	210,646	155,829
<b>NET ASSETS</b>		9,814,250	9,772,190
<b>CAPITAL AND RESERVES</b>			
Called up share capital		72	72
Retained earnings	14	9,814,178	9,772,118
		9,814,250	9,772,190

## NOTES TO THE FINANCIAL STATEMENTS FOR Y/E 31 DECEMBER 2019

### 1. STATUTORY INFORMATION

The Society of Authors is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the back page.

### 2. ACCOUNTING POLICIES

#### Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard

102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

#### Consolidation

The company is a parent company subject to the small companies regime. The company and its subsidiary trust comprise a small group. The company is therefore not required to and has not chosen to prepare group accounts.

#### Income

Income is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Members subscriptions are annual payments due at varying dates throughout the year. The amount of subscriptions applicable to any period after the year end is treated as prepaid by the Society and is included in creditors shown in the notes. Other income is also included on the basis of amounts receivable in the year.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- Freehold buildings - 2% on cost
- Plant and machinery - 5% on cost
- Office improvements - 10% on cost
- Fixtures, fittings and IT equipment - 20% to 33% on cost

Freehold land is not depreciated. Tangible fixed assets under construction are not depreciated until the asset is brought into use.

#### Investments

Quoted investments are stated at market value. Any gains or losses on revaluation are recognised in profit or loss.

#### Investment property

Investment property is shown at valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

#### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Foreign currencies

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

#### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

### 3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 25 (2018 - 24).

### 4. OPERATING PROFIT / (LOSS)

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation - owned assets	103,870	60,401
Auditors' remuneration	6,300	6,220
Lease costs	18,076	27,079

### 5. TAXATION

The tax (credit)/charge on the profit for the year was as follows:

	2019 £	2018 £
UK corporation tax	(8,408)	72,831
Deferred tax	54,817	(306,137)
Tax on profit	46,409	(233,306)

### 6. TANGIBLE FIXED ASSETS

	Land and buildings £	Property in development £	Fixtures, fittings & IT Equipment £	Total £
<b>COST</b>				
At 1 January 2019	-	5,099,199	-	5,099,199
Additions	-	856,991	81,118	938,109
Disposals	5,912,205	(5,956,190)	-	(43,985)
At 31 December 2019	5,912,205	-	81,118	5,993,323
<b>DEPRECIATION</b>				
At 1 January 2019	-	-	-	-
Charge for year	81,185	-	22,685	103,870
At 31 December 2019	81,185	-	22,685	103,870
<b>NET BOOK VALUE</b>				
At 31 December 2019	5,831,020	-	58,433	5,889,453
At 31 December 2018	-	5,099,199	-	5,099,199

On completion of the property redevelopment the costs were transferred to Land & Buildings and Investment property.

Land and Buildings comprise Freehold Land & Buildings. Components of the redeveloped freehold property relating to the office improvements and plant & machinery are depreciated at the rates set out in the accounting policies.

### 7. FIXED ASSET INVESTMENTS

	2019 £	2018 £
<b>COST OR VALUATION</b>		
Investment portfolio	1,435,870	1,696,233
At 1 January 2018		
Additions	498,000	-
Disposals	-	(122,553)
Revaluation	227,546	(137,810)
At 31 December 2019	2,161,416	1,435,870
Cash held by investment managers	6,107	3,645
<b>TOTAL</b>	2,167,523	1,439,515

Following the fall in world stock markets in March 2020 as a result of the Covid-19 pandemic, the value of the charity's investment portfolio as at 31 March 2020 was £1,869,541.

### 8. THE FOUNDATION FUND

The Society is the sole trustee of a non-charitable trust, known as The Foundation Fund, which was established to support the Society. The trust is controlled by the company. The company and trust together make up a small group and so there is no requirement to prepare consolidated accounts.

At the year end the total net assets held by the trust amounted to £238,536 (2018 - £491,662). The trust's net expenditure for the year was £253,126 (2018 - £33,405).

### 9. INVESTMENT PROPERTY

	2019 £
<b>COST OR VALUATION</b>	
At 1 January 2019	1,870,000
Additions	43,985
At 31 December 2019	1,913,985

## 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Accrued property sale proceeds	-	3,633,750
Prepayments and accrued income	46,488	73,324
Other debtors	53,933	92,497
	<b>100,421</b>	<b>3,799,571</b>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans and overdrafts	-	2,000,000
Taxation and social security	29,713	73,340
Other creditors	233,552	188,078
Membership fees received in advance	440,328	434,125
Deferred income	34,750	155,107
	<b>738,343</b>	<b>2,850,650</b>

## 12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	18,453	19,322
Between one and five years	2,931	20,138
	<b>21,384</b>	<b>39,460</b>

## 13. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax	210,646	155,829
		<b>Deferred tax £</b>
Balance at 1 January 2019		155,829
Profit for the year		54,817
		<b>210,646</b>

## 14. RESERVES

	2019 £	2018 £
At 1 January 2019		9,772,118
Profit for the financial year		42,060
At 31 December 2019		<b>9,814,178</b>

## 14. RELATED PARTY DISCLOSURES

The Society of Authors is trustee for a number of charitable trusts for which it carries out management services. A management fee is charged which in 2019 amounted to £121,700 (2018 : £115,859).

The Society is also trustee of a non-charitable trust, the purpose of which is to support the Society. The Society received grants totalling £304,169 from the Trust in 2019. There were no transactions between the Society and the trust in 2018.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018			2019		2018	
	£	£	£	£		£	£	£	£
<b>INCOME</b>					<b>EXPENDITURE (CONT.)</b>				
Members' Annual Subscriptions	976,816		915,983		Cleaning, Heating and Lighting	24,469		11,936	
Commissions on Royalties	79,062		84,935		Repairs and renewals	33,237		26,344	
Royalty Income	40,247		50,509		Books, Papers and Subscriptions	4,680		3,730	
Management Fees	177,913		151,378		Insurance for members	764		3,706	
Donations and Legacies	7,095		218,507		Events & AGM net of income	19,394		16,712	
Grant from the Foundation Fund	304,169		-		Group Activities	24,531		24,218	
Other Grants and Project Income	15,000		21,000		Moving expenses	24,822		-	
Net Rents Received	49,962		36,404		Computer and IT costs	75,779		68,513	
Investment Income	46,139		33,806		Sundry Expenses	7,018		3,707	
		<b>1,696,403</b>		<b>1,512,522</b>	Training Costs	6,212		-	
<b>OTHER INCOME</b>					Affiliation Fees	5,339		6,511	
Profit/(loss) on investments	229,771		(137,780)		Investment Manager Fees	12,191		12,340	
Profit on sale of tangible fixed assets	(42,950)		4,859,683		Professional Fees	25,902		14,694	
Profit on sale of investment property	-		241,831		Irrecoverable VAT	75,791		14,616	
		<b>186,821</b>		<b>4,963,734</b>	Auditors' Remuneration	6,300		6,220	
		<b>1,883,224</b>		<b>6,476,256</b>	Grants and Donations	-		57	
<b>EXPENDITURE</b>					Depreciation of Tangible Fixed Assets - Freehold Property	81,185		-	
Salaries	902,022		831,359		Depreciation of Tangible Fixed Assets	22,685		19,912	
National Insurance	93,848		87,116				<b>1,761,941</b>		<b>1,443,727</b>
Pension Contributions	73,275		66,732				<b>121,283</b>		<b>5,032,529</b>
Fees	16,493		21,494		<b>FINANCE COSTS</b>				
Employee Benefits	22,967		21,545		Bank Charges	6,679		9,035	
Postage and Communications	29,630		18,796		Bank Loan Interest	26,135		14,315	
Printing and Stationery	18,827		16,278				<b>32,814</b>		<b>23,350</b>
Advertising and Marketing	6,150		2,665		<b>NET PROFIT/(LOSS)</b>		<b>88,469</b>		<b>5,009,179</b>
Travelling and Entertaining	11,154		13,873						
Publications and Guides	81,634		75,123						
Rates and Insurance	55,642		55,530						

# 2019: the year we...

...grew our membership by **4%** from **10,635** to **11,058**, with growth in Wales alone of **62%**; relocated from our long-term home in South Kensington to new offices on Bedford Row in Holborn; published a manifesto of campaign priorities for the new UK Government; helped spearhead a cross-industry commitment to tackle bullying and harassment; ran or supported over 100 member events throughout the UK; vetted more than 1,000 contracts; shared over £100,000 in prize money at the SoA Awards and £371,000 in grants for work in progress; and we welcomed guests into the new SoA Space at Bedford Row, joining us in person and via livestream, from throughout the UK and further afield.

And much more...

## January

New Year Honours: a knighthood for SoA President Philip Pullman



## February

The SoA Translation Prizes celebrates a graphic novel in translation for the first time



## March

Moving on up - relocating from Drayton Gardens to Bedford Row



## April

Copyright Directive receives final approval by the EU



## May

ALCS report on author earnings uncovers 'worrying implications for diversity'



## June

The SoA Awards presented by Jackie Kay at Southwark Cathedral - over £100,000 in prizes



## July

Announcing the Queen's Knickers Award for illustrated children's books



## August

Summer Challenge to authors to #DownTools and focus on wellbeing



## September

Celebrating 40 years of PLR



## October

Abie Longstaff, Joanne Harris, Simon Cann and Vanessa Fox O'Loughlin elected to the SoA Board



## November

We welcome members to the SoA Space for the first time - for events and drop-ins



## December

We saw out the year with the first free monthly SoA Lates member party



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**President Philip Pullman**  
**Chief Executive Nicola Solomon**