

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 2018

The Book Trade Charity (BTBS)

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The Book Trade Charity (BTBS)

Patrons and advisers

President

URSULA MACKENZIE

Patrons

NIGEL BATT
KIP BERTRAM
EDWIN BUCKHALTER
F IAN CHAPMAN CBE
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

Bates, Wells & Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE

Investment Advisers

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

Staff

Chief Executive (CEO): DAVID A HICKS
Grants & Housing Manager: GLENDA BARNARD
Finance & Administration Manager (p/t): NICKI CATTLE
Special projects (p/t): KEITH FOSTER
Booksale Co-ordinator (p/t): MARK JACKSON-HANCOCK

Registered company number: 6725178

Registered charity number: 1128129

The Book Trade Charity (BTBS)

Board of trustees

Executive Chairman:

Timothy Lambert

Vice Chairman:

Ann Woodhall

Honorary Treasurer:

Emily-jane Taylor

Trustees and Board members:

Elise Burns

Isobel Dixon

David Graham

Kate McFarlan

Jonathan Nowell

David Neale

Fraser Tanner

Emily-jane Taylor

Ann Woodhall

Gemma Woodward

Company Secretary:

David Hicks

Sub-committee structure (as at 31 December 2018):

Finance:

Emily-jane Taylor (Chairman), Paul Chapman, Timothy Lambert,
Jonathan Nowell, Gemma Woodward

Grants and Housing Committee:

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

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

Trustees' Report 2018

1. Introduction

This is the trustees' Report and Financial Statements for the year to 31 December 2018 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 27 to 31 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 marked increase in the number of applications for welfare support and the financial consequences in spending on grants and related activities.

Other significant activities during the year also include:

- The General Data Protection Regulation (GDPR) which came into force in May.
- The Board's decision to apply for planning consent to redevelop part of the Bookbinders' estate at Whetstone and to realise investment assets to finance some of the costs.

2. Governance, structure and responsibilities

2.1 Governing instrument.

The Book Trade Charity (BTBS) is a company limited by guarantee (6725178) 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;
- (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.

The Book Trade Charity (BTBS)

Trustees' Report 2018

2. Governance, structure and responsibilities (continued)

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, except the Executive Chairman (see 2.8 below).

The Executive 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 (2018: 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 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;

The Book Trade Charity (BTBS)

Trustees' Report 2018

2. Governance, structure and responsibilities (continued)

2.4 Board members and their statutory responsibilities (continued)

- 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.

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.

The Book Trade Charity (BTBS)

Trustees' Report 2018

2. Governance, structure and responsibilities (continued)

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, Timothy Lambert, Kate McFarlan, Jonathan Nowell, Emily-jane Taylor, Gemma Woodward and Ann Woodhall attended courses on charity finance and trustee responsibilities, as did staff members David Hicks, Nicki Cattle and Glenda Barnard.

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. Jonathan Nowell was co-opted to the Finance Committee during the year.

2.7 The Board during 2018.

There were no new appointments 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. No one resigned or left the Board.

2.8 Appointment of an Executive Chairman.

The Executive Chairman (Timothy Lambert) is a paid appointment, which is reviewed annually. As part of the Board's succession planning, Timothy Lambert will stand down from the Board in March 2019. Jonathan Nowell will be appointed Chairman of the Board. 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.

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. Ursula Mackenzie, with her wide and extensive knowledge of the book trade in various positions, latterly with Little, Brown Book Group, Profile Books and the Andrew Nurnberg literary agency, was appointed as President from January 2018.

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Trustees' Report 2018

2. Governance, structure and responsibilities (continued)

2.10 Key Management Personnel.

Key Management Personnel includes all trustees, who are unpaid as above, plus the Executive Chairman and Chief Executive, who are paid. The terms and conditions of employment of the Executive Chairman, the Chief Executive and three other permanent staff members (one full-time and two part-time) were reviewed by the trustees. The Finance Committee called a one-off meeting and made recommendations to the Board on pay and conditions of service. The Executive Chairman and the Chief Executive were excluded. Nigel Batt and Timothy Wright (patrons and with related experience) assisted. 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.

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.

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, some 190 beneficiaries of the grants programme. There are usually around 40 residents at The Retreat and, until recently, 12 at Bookbinders' Whetstone estate. With the development of accommodation for new entrants at both housing sites during the year (Blake House at the Bookbinders' Whetstone estate and a refurbished bungalow at The Retreat), BTBS is targeting its housing programme to new entrants to the book trade. Blake House was almost fully-occupied with 9 new entrants to the book trade being housed, and a further 61 who BTBS helped with grants. The reach of BTBS' activities, as a benefit to the wider public, was enhanced considerably with 11 education and training programmes having support awarded, through the Matthew Hodder Fund, to local and regional charities working within their communities.

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:

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Trustees' Report 2018

3. Public Benefit (continued)

- 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;

With the Bookbinders Charitable Society merger taking place in 2016, BTBS is now working closer with charities that have an interest in the bookbinding trades and industry, which includes production, printing, conservation, and restoration.

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.

Major risks were identified as:

- 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.
- Planning consent not being granted for the proposed redevelopment of part of the Bookbinders' Whetstone estate. This risk is mitigated by engaging a project manager with specific skills in this area, as well as appointing architects and other consultants with local knowledge.
- Finance not being available to part fund the proposed development at the Bookbinders' estate at Whetstone. This risk is mitigated by appointing an advisor with specific skills in obtaining an initial finance offer based on BTBS' track record with a previous significant loan.

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4. Risk assessment and management (continued)

- 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.
- 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.
- Low take up of welfare and grants programmes. This risk is mitigated by regular review of practices and procedures as monitored by the Board.
- 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

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Trustees' Report 2018

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

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:

- 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.

The Book Trade Charity (BTBS)

Trustees' Report 2018

- **Grants, housing, education and training programmes and activities of support**
(continued)

5.2 Education and training grants

A designated fund - the Matthew Hodder Fund (MHF) - makes 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 mainly self-contained flats for book trade people who have housing, social and economic needs. The estate is arranged in four blocks. Following refurbishment of Blake House, the shared and self-contained accommodation for 9 new and young entrants to the book trade has proved to be popular. There are a further 16 self-contained flats elsewhere on the estate (one is used as an office, and 14 are currently occupied). When BTBS merged with the Bookbinders Charitable Society in 2016 and took over responsibility for the tenants and accommodation, the trustees were aware that two of the four blocks offered accommodation which is below standard in terms of internal facilities, layout arrangements and communal areas. Further, these flats proved to be difficult to let (although the success of Blake House has encouraged others to apply to live on the estate notwithstanding the lower quality accommodation on offer). Appraisals, assessments and reports from consultants demonstrated to the Board that refurbishment works would be neither viable nor cost effective, to produce accommodation which meets housing need. The Board commissioned reports on future housing needs within the book trade, financial options, operational viability and considered all attendant risks. Following debate and discussion for much of the year, the Board agreed to proceed with planning consent to redevelop the two low standard blocks with accommodation which offers modern facilities, energy efficiencies and low operational costs. Planners are expected to consider the application early in 2019.

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

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 all the residents 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.

Grants (welfare): to support beneficiaries living in their own homes help in large measure 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.

5.6 Governance – GDPR

All applications for assistance (Grants and Housing) are considered in the light of the Board's policies and procedures to comply with these regulations.

6. Developments and activities during 2018

6.1 The Retreat

- occupancy: 95.3% (2017: 95.1%)
- average age of residents at 31 December 2018: 65.6 years (2017: 65.9 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 11 applicants who would otherwise not have been able to take up their placements.
- Two studio bungalows, a one-bedroomed bungalow and a two-bedroomed bungalow were refurbished to provide accommodation for new tenants, and two existing tenants who wished to move to larger properties on the estate.
- A new TV aerial system was installed on the estate improving the quality and consistency of signal levels to all properties and reducing ongoing maintenance costs.

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Trustees' Report 2018

6. Developments and activities during 2018 (continued)

6.2 The Bookbinders' Whetstone estate

- occupancy: 94.8% (2017: 59%)
- average age of residents at 31 December 2018: 53.5 years (2017: 72.5 years). The dramatic difference reflects the influx of new, younger entrants to the trade.
- all occupied flats meet current health and safety requirements.
- Any remaining vacancies in the shared and self-contained flats in the refurbished Blake House were filled in 2018. Such was the demand for affordable accommodation for entrants to the trade that two further flats (which had not been intended for letting) had to be decorated and furnished at short-notice for new applicants in urgent need of accommodation, to enable them to take up job offers in London.
- Architect's plans and financial advice were commissioned for the redevelopment of two blocks into modern, energy-efficient flats which will be suitable for either entrants to the trade or traditional book trade tenants. An application for planning permission was submitted to Barnet Council and a decision is expected in April 2019.
- Major works were undertaken on the water supply infrastructure as many residents had been experiencing low water pressure and this problem was exacerbated by the influx of new tenants and increased demand.

6.3 Grants and Housing Committee

This committee comprises the Executive Chairman, three trustees and four co-options.

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 increase in the number of applications received reflects the improved level of awareness of the charity's activities, particularly in relation to the programmes targeted at younger people entering the trade, the Interns Support Scheme and Entry into The Book Trade initiative, as well as a continuing increase in applications for welfare grants which, evidence suggests, is a direct result of government austerity measures and changes to the benefits system in recent years.

The large increase in applications not pursued or ineligible reflects the growing number of speculative enquiries from non-UK nationals, and applicants who after initial contact prefer not to be financially assessed.

The Book Trade Charity (BTBS)

Trustees' Report 2018

6. Developments and activities during 2018 (continued)

6.3 Grants and Housing Committee (continued)

Enquiries are received from an online 'sign-posting' service, where applicants are directed to a number of charities which the service feels may be able to help. The conversion from 'enquiry' to 'application' is quite low, despite staff efforts to follow up and encourage the provision of further information, and this is reflected in the category 'applicant did not pursue', and the growing number of these.

Welfare grants, one-off & new regular applications	2018	2017	2016
Applications for assistance (total):	301	157	82
Applications from new contacts:	235	134	71
Applications funded	192	113	51
Applicant did not pursue	61	28	13
Applications rejected (ineligible or not within financial criteria)	48	8	1

	2018		2017		2016	
Total number of beneficiaries	214		179		111	
Regular support: (# supported for full 12 months)	75 (60)	£131,566	78 (56)	£116,030	64 (46)	£99,330
Christmas one-off grants	43	£7,300	46	£7,850	50	£10,100
Housing/rent arrears/debt	34	£26,780	26	£17,297	17	£13,645
Travel & car costs	7	£1,904	9	£6,810	0	£0
Holidays, respite care	5	£1,825	4	£1,908	2	£1,250
Household, including carpets, white goods	27	£13,930	14	£6,620	18	£8,050
Retraining & redundancy	20	£4,400	20	£4,643	9	£2,672
Disability, medical & nursing home fees	7	£4,565	5	£3,800	4	£2,975
Matthew Hodder Fund:						
Interns support & Entry into the Book Trade	83	£28,149	44	£13,222	20	£11,575
MHF grants, projects	11	£20,251	13	£19,956	7	£14,726

NB A further 4 beneficiaries continue to receive quarterly grants of £80 (total £1,280) in accordance with the merger transfer agreement made with Bookbinders Charitable Trust.

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 three trustees and the Executive Chairman there is one co-option. During the year, a group of the committee's trustees and two patrons were convened to provide the Board with recommendation on staff salaries.

The Book Trade Charity (BTBS)

Trustees' Report 2018

6. Developments and activities during 2018 (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 2016 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.

These include:

Supporters:

- London Marathon runners: Elise Burns, Richard Elsley, Toby Faber, Katie McCallum

The Book Trade Charity (BTBS)

Trustees' Report 2018

6. Developments and activities during 2018 (continued)

6.5 Fundraising (continued)

- Events/collections were held on our behalf by: Nielsen, Bloomsbury, Jonathan Nowell, SYP (Society of Young Publishers), Suzanne Collier and the IPG Spring Conference.

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

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

Donations were also received in memory of Carole Blake 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.

6.6 Women in Publishing.

Women in Publishing (WiP), an educational project administered by BTBS, closed, having reached its target; WiP made a donation to BTBS from the closing account. See the WiP Oral History website.

7. Financial position

7.1 The statement of financial activities shows a net decrease in funds of £287,564 for the year ended 31 December 2018.

	2018	2017
Total income:	£ 689,154	£ 575,958
Total expenditure:	£ 910,460	£ 832,801
Investment (losses) gains	£ (66,258)	£ 198,149
Net expenditure	£ (287,564)	£ (58,694)

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 £130,507 to general funds and £42,018 to restricted funds
- Events income totalled £25,609 mainly from booksales and the London Marathon
- Rental income amounting to £371,299 was received, an increase of 14.8% over 2017
- Gross investment income was £55,909 compared with £61,191 in 2017 and included income from the Matthew Hodder Fund and Bookbinders Charitable Society investments. Movement in the stock market during 2018 resulted in net realised and unrealised losses totalling £66,258.

The Book Trade Charity (BTBS)

Trustees' Report 2018

7. Financial position (continued)

7.3 Costs for the year are £910,460, due to the increase in the level of grants awarded and property maintenance.

- Grants in the year, including provisions for regular grant commitments in 2019, amounted to £241,948 compared with £218,811 in 2017.
- 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:

"2018 was a challenging year for equity markets as a combination of concerns over slowing GDP growth, a brewing trade war between the US and China and rising interest rates in the US weighed on investors' minds. Equity markets suffered their worst calendar year for a decade, with the FTSE All Share falling -9.5%, whilst the FTSE All World ex UK returned -3.1%. UK Government Debt provided some protection, returning +0.6%, however corporate bonds were weaker, returning -1.5%.

The charity's investment portfolio, managed by Rathbones, held up reasonably well considering equity market falls, returning -2.8%. This was ahead of Rathbones' short term composite index benchmark which fell -3.8%. (All figures are expressed in total return terms).

During 2018, substantial money from the investment portfolio was earmarked for development spending in the forthcoming couple of years. In order to protect the money required for development from investment market volatility, a total of £1.765m was either paid to the charity's bank account or placed on short term deposit in the year. This, combined with the investment performance noted above, led to a decrease in the investment portfolio value to £472,774 as at 31 December 2018.

Finally, the investments were switched from a bespoke portfolio to an investment in a single pooled fund (the Rathbone Core Investment Fund for Charities) during the year. This was partly driven by the reduced size of the investments held. The pooled fund offers the charity access to the same investment strategy as before, as well as a number of other benefits, including a lower management fee, better diversification, simpler administration and a wider investment opportunity set. The investment continues to be held in a separate portfolio for the charity and it remains subject to the same discretionary investment management agreement as before."

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

The Board agreed (November 2014) that BTBS would not automatically draw down income from the investments, with a view to rebuilding the level of reserves. The Board's objective is to improve, or at least maintain, the value of funds invested.

The value of the investment holding as at 31 December 2018 was £2,013,612 (2017: £2,265,689).

The Book Trade Charity (BTBS)

Trustees' Report 2018

8. Reserves Policy

The investment and cash reserves of The Matthew Hodder Fund and The Bookbinders Charitable Society have been identified initially as designated funds. It is the trustees' firm intention to continue to use these designated funds, as working resources, to:

- develop the charity's awareness objectives in the book trade;
- support further local and regional charities that can assist BTBS fulfil its education and training programmes
- resolve the remaining poorly arranged, difficult to let, and, in some instances, sub-standard accommodation at the Bookbinders' Whetstone estate.

It is the Board's intention to revisit and revise BTBS' reserves policy as soon as possible in 2019 following its decision in November 2018 to realise some £1.6m from investment funds to partially finance the proposed redevelopment of the Bookbinders' estate at Whetstone

At the year end the charity held unrestricted reserves of £302,505 and designated reserves of £9,306,394. The unrestricted funds at 31 December 2018 were the equivalent of four months of unrestricted expenditure. The charity's target is to provide up to 24 months' worth of normal expenditure, excluding depreciation, development costs and one-off legal fees.

9. Investment Policy

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 plus 3%.

The Board agreed in November 2014 to dispense with the previous income requirement 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 trustees have delegated the day-to-day decision making and control of the charity's investments to Rathbones Investment Management, through a managed portfolio (now a single pooled 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 presentations to the Finance Committee (usually bi-annually) and the Board, as required. 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 proposals from Rathbones for portfolio management. Any restrictions on the type of investments or markets in which the Managers would invest on the charity's behalf will be set out in writing. The Trustees accept a medium risk approach to investment, with a medium-to-long term objective of meeting the requirement for a returns target of inflation plus 3%, recognising that there will be fluctuations within the short term, and are satisfied the proposals from Rathbones can achieve this.

The Book Trade Charity (BTBS)

Trustees' Report 2018

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 2019, the forecast reserves position at 31 December 2019 and the expected level of activity during 2019/20. The charity's net current assets at 31 December 2018 are covered by fixed asset investments which can be converted to cash if necessary. 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.

10.1 Net current liabilities

The net current liability position of £74,330 arises due to the timing of the grant commitments made by the Charity and their investment policy. Despite the net current liability position at the balance sheet date, there are no concerns over the Trust's ability to continue as a going concern. As at 31 December 2018 the Charity held investments of £2,013,612 (including cash held by investment managers for reinvestment of £1,544,851) which, if required, could be drawn down to working capital.

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:

- Sally Atkinson, Marie Bucksey, Paul Chapman, 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 and Frankfurt Book Fairs;
- The Retreat residents and friends who organise social occasions and outings, and particularly Graham Hogben who took on the role of regular minibus 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 Keith Foster and Mark Jackson-Hancock, who are professional and dedicated in all that they do, including many voluntary hours in support of Booksales and other events. David Hicks achieves twenty-five years' service to BTBS at the start of 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 2018

12. Patrons

No patrons were appointed in 2018.

13. Objectives and progress (during 2018):

1. Objective: to develop further the grants, education and training programmes.
Progress: the take up of the grants, education and training programmes saw significant increases due in part to the demand from families, individuals, new entrants and interns who have been impacted by the nature of austerity measures in the country. BTBS' programmes are seen to meet the needs of those living on low incomes or who are suffering from reduced support from State Benefits, or from other organisations that are also affected by austerity measures.
2. Objective: to agree a programme of works which will resolve the issue of inadequate (but not unsafe) flats at the Bookbinders' estate in Whetstone.
Progress: plans have been agreed by the Board, subject to planning consent, to redevelop the most inadequate flats.
3. Objective: to review BTBS' reserves policy in the light of any plans to resolve inadequate accommodation at the Bookbinders' estate in Whetstone.
Progress: as the development plans for the Bookbinders' estate in Whetstone were only agreed in November 2018, the Board is now in a better position to review and agree its reserves policy.
4. Objective: to balance revenue and expenditure.
Progress: considerable efforts were made to reduce costs and increase income. However, the operational balance was impacted by redevelopment costs at Whetstone (which are likely to be capitalised), unexpected but essential building works at The Retreat and Whetstone, and increased expenditure on grants, as reported above.

Objectives for 2019

1. Objective: to start the redevelopment of the Bookbinders' estate at Whetstone.
2. Objective: to start a capital appeal to fund the redevelopment at Whetstone.
3. Objective: to monitor and control expenditure on grants within (BTBS) affordable levels'
4. Objective: to revise the reserve policy.
5. Objective: to continue succession planning for key appointments.

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 25/03/2019. 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 2018

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 2018 which comprise the statement of financial activities, the balance sheet, and 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 2018 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.

The Book Trade Charity (BTBS)

Independent auditor's report 2018

Other information (continued)

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 2018

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.



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

115/19

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 £	Total funds 2017 £
Income from:						
Donations and legacies	1	130,507	—	42,018	172,525	121,934
Charitable activities						
. Rental income		371,299	—	—	371,299	323,296
Other trading activities	2	89,421	—	—	89,421	69,537
Investments and interest receivable	3	55,909	—	—	55,909	61,191
Total income		647,136	—	42,018	689,154	575,958
Expenditure on:						
Raising funds						
. Publicity and fundraising		78,191	—	—	78,191	93,084
. Fundraising trading						
.. Costs of selling donated goods		3,887	—	—	3,887	3,422
Charitable activities						
. Grants programmes		247,287	48,400	—	295,687	269,299
. Provision of residential accommodation		394,818	95,859	—	490,677	466,996
. Ola's fundraising		—	—	42,018	42,018	—
Total expenditure	5	724,183	144,259	42,018	910,460	832,801
Net expenditure before investment gains and losses		(77,047)	(144,259)	—	(221,306)	(256,843)
Net investment (losses) gains		(66,258)	—	—	(66,258)	198,149
Net expenditure		(143,305)	(144,259)	—	(287,564)	(58,694)
Reconciliation of funds:						
Fund balances brought forward at 1 January 2018		445,810	9,450,653	—	9,896,463	9,955,157
Fund balances carried forward at 31 December 2018		302,505	9,306,394	—	9,608,899	9,896,463

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

The notes on pages 32 to 41 form part of these financial statements.

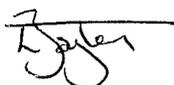
The Book Trade Charity (BTBS)

Balance sheet As at 31 December 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	9		7,669,617		7,671,969
Investments	10		2,013,612		2,265,689
Total fixed assets			9,683,229		9,937,658
Current assets					
Debtors	11	27,297		20,786	
Cash at bank and in hand		15,962		20,488	
Total current assets		43,259		41,274	
Liabilities					
Creditors: amounts falling due within one year	12	(117,589)		(82,469)	
Net current liabilities			(74,330)		(41,195)
Net assets			9,608,899		9,896,463
The funds of the charity					
Unrestricted funds					
. Free reserves		302,505		445,810	
. Designated funds	13	9,306,394		9,450,653	
Total unrestricted funds			9,608,899		9,896,463
Restricted funds	14		—		—
Total charity funds			9,608,899		9,896,463

The financial statements were approved and authorised for issue by the Board on

Honorary Treasurer



The notes on pages 32 to 41 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 2018

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Net cash used in operating activities	A	<u>(152,748)</u>	<u>(213,409)</u>
Cash flows from investing activities:			
Dividends and interest from investments		55,909	61,191
Purchase of tangible fixed assets		(93,506)	(297,102)
Proceeds from the disposal of investments		2,343,105	938,743
Purchase of investments		<u>(628,273)</u>	<u>(1,027,674)</u>
Net cash provided by investing activities		<u>1,677,235</u>	<u>(324,842)</u>
Change in cash and cash equivalents in the year		1,524,487	(538,251)
Cash and cash equivalents at 1 January 2018	B	36,326	574,577
Cash and cash equivalents at 31 December 2018	B	<u>1,560,813</u>	<u>36,326</u>

Notes to the statement of cash flows for the year to 31 December 2018

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

	2018 £	2017 £
Net movement in funds (as per the statement of financial activities)	(287,564)	(58,694)
Adjustments for:		
Depreciation charge	95,858	95,858
Losses (gains) on investments	66,258	(198,149)
Dividends and interest from investments	(55,909)	(61,191)
(Increase) decrease in debtors	(6,511)	1,942
Increase in creditors	35,120	6,825
Net cash used in operating activities	<u>(152,748)</u>	<u>(213,409)</u>

B Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	15,962	20,488
Cash held by investment managers	1,544,851	15,838
Total cash and cash equivalents	<u>1,560,813</u>	<u>36,326</u>

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2018

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 2018.

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.

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 2019 and projections beyond.

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. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 31 December 2017, 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).

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2018

Net current liabilities

The net current liability position of £74,330 arises due to the timing of the grant commitments made by the Charity and its investment policy. Despite the net current liability position at the balance sheet date, there are no concerns over the Trust's ability to continue as a going concern. As at 31 December 2018 the Charity held investments of £2,013,612 (including cash held by investment managers for reinvestment of £1,544,851) which, if required, could be drawn down to working capital.

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 2018

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 2018

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 6. 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.

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.

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.

The Book Trade Charity (BTBS)

Principal Accounting Policies

Year ended 31 December 2018

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 2018

1. Donations and legacies

	Unrestricted £	Restricted £	2018 £	2017 £
Legacies	133	—	133	183
Donations	130,374	—	130,374	121,751
Ola's fundraising	—	42,018	42,018	—
Total 2018 funds	130,507	42,018	172,525	121,934
Total 2017 funds	121,934	—	121,934	

2. Other trading activities

	Unrestricted £	Restricted £	2018 £	2017 £
Marathon donations	14,665	—	14,665	5,959
Events/collections	10,944	—	10,944	7,275
Sales of donated goods	63,812	—	63,812	56,303
Total 2018 funds	89,421	—	89,421	69,537
Total 2017 funds	69,537	—	69,537	

3. Investment income

	Unrestricted £	Restricted £	2018 £	2017 £
Listed investments	55,909	—	55,909	61,180
Bank interest	—	—	—	11
Total 2018 funds	55,909	—	55,909	61,191
Total 2017 funds	61,191	—	61,191	

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

4. Expenditure

	Direct costs £	Support costs (note 6) £	Total funds 2018 £	Total funds 2017 £
Raising funds				
. Publicity and fundraising	31,615	46,576	78,191	93,084
. Fundraising				
.. Costs of selling donated goods	3,887	—	3,887	3,422
Charitable activities				
. Grants programmes (note 5)	241,948	53,739	295,687	269,299
. Provision of residential accommodation	434,352	56,325	490,677	466,996
. Ola's fundraising	42,018	—	42,018	—
	<u>753,820</u>	<u>156,640</u>	<u>910,460</u>	<u>832,801</u>

Analysis of expenditure between restricted and unrestricted funds:

	Unrestricted funds £	Restricted funds £	Total funds 2018 £
2018 Costs			
Raising funds			
. Publicity and fundraising	78,191	—	78,191
. Fundraising			
.. Costs of selling donated goods	3,887	—	3,887
Charitable activities			
. Grants programmes	295,687	—	295,687
. Provision of residential accommodation	490,677	—	490,677
. Ola's fundraising	—	42,018	42,018
	<u>868,442</u>	<u>42,018</u>	<u>910,460</u>
2017 Costs			
Raising funds			
. Publicity and fundraising	93,084	—	93,084
. Fundraising			
.. Costs of selling donated goods	3,422	—	3,422
Charitable activities			
. Grants programmes	269,799	—	269,799
. Provision of residential accommodation	457,256	9,740	466,996
	<u>823,061</u>	<u>9,740</u>	<u>832,801</u>

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

4. Expenditure (continued)

Included in expenditure are:

- Staff costs amounting to £184,706 (2017 - £193,008)
- Payments under operating leases for equipment amounting to £2,954 (2017 - £2,866)
- A charge for depreciation amounting to £95,858 (2017 - £95,858)
- Fee paid to the auditor in respect of the statutory audit amounting to £7,150 (2017 - £7,000) 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:

	2018 £	2017 £
Individuals		
. The welfare of people in financial need	188,983	169,015
. Medical costs of beneficiaries	4,565	3,800
. Support to people in training, retraining and education	28,149	25,410
Institutions		
. Support to people in training, retraining and education	20,251	20,586
	241,948	218,811

Grants were awarded to 214 (2017 - 178) individuals. Grants were awarded to the following institutions: Chipping Norton Literary Festival, Shrewsbury BookFest, The Printing Charity (Print Futures Awards scheme), Ledbury Poetry Festival, Chorleywood Bookshop, West Dean College, Cambridge Literary Festival, Stratford upon Avon Literary Festival, Graham Adams Centre, Bound by Veterans and Bookcareers.com.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

6. Support costs allocation

	Office staff £	Chairman £	Chief executive £	Travel, training, etc £	Office expenses £	Governance (note 7) £	Bank charges £	Total 2018 £	Total 2017 £
Raising funds									
.. Publicity and fundraising	5,066	5,278	25,873	3,395	6,558	—	406	46,576	43,898
Charitable expenditure									
. Grants programmes	6,079	5,938	30,186	1,750	4,200	5,181	405	53,739	50,488
. Provision of residential accommodation	9,119	1,979	30,186	5,268	4,188	5,180	405	56,325	54,585
	<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>	156,640	148,971

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

	2018 £	2017 £
Legal and professional	2,461	—
Audit and accountancy fees	7,900	8,680
	10,361	8,680

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

8. Staff costs and remuneration of key management personnel

	2018 £	2017 £
Wages and salaries	161,516	168,955
Social security costs	11,324	12,423
Pension costs	11,866	11,630
	184,706	193,008

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

	2018 £	2017 £
Estate management	2.0	2.0
Support	4.0	4.0
	6.0	6.0

One employee received remuneration of between £70,001 and £80,000 in 2018 (2017: One employee received remuneration of between £60,001 and £70,000). Contributions amounting to £7,219 (2017 - £6,913) 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 £86,245 (2017 - £84,425).

Trustees are not remunerated. During 2018 no amounts were paid on behalf of/reimbursed to trustees for travel costs (2017 - expenses totalling £120 to one trustee).

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

9. Fixed assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Assets under construction £	Total £
Cost					
At 1 January 2018	8,189,012	27,815	15,594	—	8,232,421
Additions	—	—	—	93,506	93,506
At 31 December 2018	8,189,012	27,815	15,594	93,506	8,325,927
Depreciation					
At 1 January 2018	532,381	20,534	7,537	—	560,452
Charge for the year	91,930	809	3,119	—	95,858
At 31 December 2018	624,311	21,343	10,656	—	656,310
Net book value					
At 31 December 2018	7,564,701	6,472	4,938	93,506	7,669,617
At 31 December 2017	7,656,631	7,281	8,057	—	7,671,969

Included in freehold property is land £4,025,967 (2017 - 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

	2018 £	2017 £
Listed investments		
Market value at 1 January 2018	2,249,851	1,962,771
Additions at cost	628,273	1,027,674
Disposal at opening market value (proceeds: £2,343,105; realised loss £38,159)	(2,381,264)	(874,639)
Unrealised investment (losses) gains	(28,099)	134,045
Market value at 31 December 2018	468,761	2,249,851
Cash held by investment managers for reinvestment	1,544,851	15,838
	2,013,612	2,265,689
Historical cost of listed investments at 31 December 2018	233,281	1,986,870

At 31 December 2018, the following investment holding was material.

	2018 £
Rathbone Core Investment Fund For Charities	379,702

At 31 December 2017, the following individual investment holdings were material.

	2017 £
Charifund Income Units	430,655
CAF UK Equity Income B	110,097

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

10. Investments (continued)

Listed investments held at 31 December 2018 comprise the following:

	2018 £	2017 £
UK fixed interest	—	211,845
UK unit trusts	—	—
UK equities	—	805,898
Overseas fixed interest	—	59,208
Overseas equities	—	818,754
Alternative	480,912	354,146
	<u>480,912</u>	<u>2,249,851</u>

11. Debtors

	2018 £	2017 £
Trade debtors	12,982	15,295
Prepayments and accrued income	14,315	5,491
	<u>27,297</u>	<u>20,786</u>

12. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	26,274	11,989
VAT and payroll taxes	3,789	4,219
Accruals and deferred income	87,526	66,261
	<u>117,589</u>	<u>82,469</u>

Accruals include £50,000 (2017 - £50,000) in respect of grant commitments to 30 June 2018, in accordance with the accounting policy.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

13. Designated funds

	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	801,326	—	(93,506)	707,820
Tangible Fixed Assets Fund	7,671,969	93,506	(95,859)	7,669,616
	9,450,653	93,506	(237,765)	9,306,394

The Matthew Hodder Fund has been designated by the trustees based on the value of gift received from the Matthew Hodder Charitable Trust. It has 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 will reduce the capital balance of the designated fund, while the level of take-up and expenditure is being ascertained. It is not envisaged that the capital of this fund will be disbursed in the foreseeable future, but the trustees have discretion to bring remaining funds into general reserves once the required level of expenditure can be seen to be within the normal operations of the charity.

The Bookbinders Fund has been designated by the trustees based on the value of the assets received when the charity merged with the Bookbinders Charitable Society. It has 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.

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.

14. Restricted funds

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

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.

15. Analysis of net assets between the funds

	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

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

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.

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 2018, the charity had the following future minimum commitments in respect to non-cancellable operating:

	Equipment	
	2018 £	2017 £
Within one year	2,954	2,954
Within two and five years	11,076	14,030
	14,030	16,984

19. Control

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

20. Related party transactions

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

£35,300 (2017 - £37,608) was received as donations from various organisations in which some trustees are involved and in donations from trustees as individuals. In addition, an amount of £6,410 was transferred to the Book Trade Charity in error and is shown within creditors at the year end.

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.

The Book Trade Charity (BTBS)

Notes to the financial statements

Year ended 31 December 2018

21. Women in Publishing

During the year 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 year £13,965 (2017 - £6,645) was expensed on behalf of Women in Publishing. Accordingly, the income and balances have been excluded from the financial statements. The balance of £13,965 in 2017 was held in a separate bank account at the year end, no funds remained at the end of 2018.