

THE CONVERSATION TRUST (UK) LIMITED
(Company Limited by Guarantee)

Company Number: 08158264
Registered Charity Number in England and Wales: 1151436
Registered Charity Number in Scotland: SC044707

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 2020

CONTENTS

	<i>Page</i>
Trustees' Annual Report	1 - 6
Independent Auditor's Report	7 - 9
Statement of Financial Activities	10
Balance Sheet	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 18

The Conversation Trust (UK) Limited

Report of the Trustees

The Conversation Trust (UK) Limited (the 'Trust') is a charitable company limited by guarantee and incorporated as Company number 08158264 on 26 July 2012 and listed on the Central Register of Charities (England and Wales) under Charity number 1151436. The charitable company registered with the Office of the Scottish Charity Regulator on 3 March 2014 (SC044707).

The Trust was established under, and is governed by, its Articles of Association. The directors of the Trust are its trustees for the purposes of charity law and throughout this report are collectively referred to as 'the trustees'.

As set out in the Articles of Association, the trustees, who shall number not less than three, may be appointed for such terms as thought fit by the trustees.

Reference and administrative information

Trustees	Dr Joanna Frances Newman MBE Professor Andrew Atherton (resigned 27 November 2019) Ziyad Paul Marar Adrian Neil Monck Jonathan Julian Hyams Professor Colin Bryan Riordan - Chair Caroline Agnes Morgan Thomson Nicholas John Eldred Dr David Anthony Lipton Levy (appointed 30 October 2019)
Patron	Professor Sir Eric Jackson Thomas Professor Sir Paul Curran
Chief Executive Officer	Chris Waiting
Registered Office	Shropshire House Capper Street London England WC1E 6JA
Accountants	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	Co-operative Bank P.O. Box 250 Delf House Southway Skelmersdale WN8 6WT
Solicitors	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

The Conversation Trust (UK) Limited

Report of the Trustees

The trustees present their report along with the financial statements of the Trust for the year ending 31 July 2020.

The financial statements comply with statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities and have been prepared in accordance with Companies Act 2006 and Charities Act 2011.

Objects, Objectives, Governance and Management

The Objects of the Charity are to promote for the public benefit the advancement of education, including the provision of a platform for the creation, aggregation and communication of news and information services relating to the knowledge industries and the communication of all academic disciplines and their benefits as broadly as possible to enrich society's foundations of knowledge, expertise and solutions.

Activities and Achievements

As with many other organisations, the financial year ending July 2020 became shaped by the COVID-19 pandemic. On the one hand, this presented a moment for our journalism, with the public hungry for experts to explain and contextualise the unfolding events. This delivered record readership and significant increases to newsletter subscriptions and podcasts downloads. On the other, our university members face huge uncertainties for the year ahead which will inevitably lead to some reduction in membership.

Stories published by The Conversation UK were read a total of 158 million times in the year ending July 2020, a 30% increase on the year before. Subscribers to our newsletters and podcasts also increasing substantially throughout the year. Stories we published were republished by the BBC, CNN, Scientific American, The Daily Mail and a great many others, and the academics who wrote for us have had their work cited in Parliament, followed up by other media, and led to new partnerships and research opportunities. One story on the behaviour of UN peacekeepers in Haiti and produced by our 'Insights' team, supported by Research England, made the front page of The Times, and led to a response from the Haitian government and a UN enquiry.

While recognising the impact that COVID-19 is having on the Higher Education sector, university membership continued to expand, finishing the year with 85 committed members (up from 82). This includes our first member in the Netherlands, Utrecht University. Membership continues to provide enormous value to the institutions we work with, and membership continues to be our core income.

The coming year will see us review and adopt a new strategic plan covering both editorial and operation activities, structured around four key strategic priorities:

- 1) Strengthening our position as a leading news platform for research & analysis, providing timely and reliable information from diverse experts, presented clearly through innovative storytelling
- 2) Engaging our audience and building our brand. By prioritising our onsite audience, we will grow subscribers to our newsletter and other products
- 3) Ensuring sustainable revenue growth by developing our university membership, by attracting new philanthropic support and by growing donations from our readers. We will also explore expanding the range of services we provide to universities.
- 4) Creating a high-performance culture for our team, overseen by ethical and professional governance from our Trustees and Editorial Board

We continue to work closely with the other editions of The Conversation around the world, looking for opportunities for greater impact and improved efficiency.

The Conversation Trust (UK) Limited

Report of the Trustees

Impact of Covid-19

With around 80% of revenue coming from member institutions, we are keenly aware of the challenges facing many universities. In our budgets for the coming year we have assumed an increased level of membership churn and have sought to minimise our costs wherever possible, and increasing our reserves. For members, we have emphasised the benefits they get from working with The Conversation, with our continued focus on public engagement with research. We have also looked to diversify our revenue, expanding membership beyond UK universities, growing reader donations, and offering a range of additional services through a new commercial subsidiary.

Operationally, despite the initial closure and now limited access to our main London office, we've been able to continue working largely as normal, with our editors working from home, and commissioning from academics across the UK and beyond. As we move into 2021, we'll look at what elements from this extended period of remote working we want to retain in a new working model.

Public Benefit

As required by the Charities Act 2011, the trustees have referred to the Charity Commission's general guidance on public benefit when setting up the Trust. The trustees will have due regard to the Charity Commission's general guidance on public benefit when making grants in future. In shaping our objectives for the year and planning our activities, the trustees have also considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Financial Review

During the period, the charity received total income of £ 1,552,165 for use by the charity in pursuing its charitable objects. As per the Statement of Financial Activities on page 10 this resulted in a surplus for the year of £156,071. This was ahead of forecast as the result of a successful reader donation campaign. Having closed our offices at UCL in early March, and switched to online delivery of training, we were able to keep costs under control. We did not have to make use of any government emergency schemes.

This surplus allows the charity to grow its reserves and places it in a stronger position in facing the challenging year ahead.

Risk Management

1. Universities are not prepared or able to fund the project:

Even before COVID-19, the Higher Education sector was experiencing considerable external pressure and uncertainty. As a result, many institutions are reviewing all costs, which could lead to existing members failing to renew while new members prove hard to attract. To mitigate this risk, the company's retention strategy involves a focus on the benefits delivered to members, active monitoring of engagement and targeted increases to staff capacity to meet demand. We are also exploring appropriate diversification of revenue to help us mitigate sectoral shocks. Finally, we are considering a range of options to reduce our costs should a significant number of universities fail to renew.

2. Readership levels fall or fail to grow:

Breakdown of re-publishing relationships, SEO problems, poor content quality or relevance, or failure in marketing/social media efforts could halt growth, and diminish the power of the project. To mitigate this, normal editorial processes ensure that content is of a consistently high quality. We actively engage with republishers to help our stories reach a wider audience, and encourage regular readers to sign up for our newsletters.

3. Staffing problems:

Difficulty in attracting or retaining staff could make the editorial product difficult to deliver. This is mitigated by fostering an open and approachable management style allowing problems to be raised at an early stage and encouraging staff growth. Achievement is rewarded where appropriate.

The Conversation Trust (UK) Limited

Report of the Trustees

4. Editorial issues:

With greater readership comes greater scrutiny of our stories, and an increased risk of legal action. TCUK's model depends on high quality content written by experts, so our stories are lower risk than other news outlets. To mitigate, we follow journalism best-practice, all editors receive training from media law experts, and potentially higher risk stories receive external legal scrutiny. In September 2019, TCUK joined IMPRESS, a press regulator which provides an external complaints management process, further reducing the risk of legal action.

5. Office Health & Safety:

An employee could be injured onsite or when working offsite. To mitigate, employer's liability insurance is up-to-date, staff are trained as fire marshalls and health and safety officers as appropriate, and trained emergency first-aiders available onsite. The Health & Safety risk-assessment will continue to be kept up-to-date and actioned appropriately. The main TCUK office has been closed since March 2020 and we have encouraged staff now working remotely to conduct health & safety assessments of their home working environments. We are making funds available to staff who need additional equipment to work at home safely.

Future Plans

The charity has attracted the majority of research-intensive UK universities as members. Future plans will focus on expanding membership to include further top-tier European universities and adjacent institutions, such as IROs, as well as a focus on expanding audiences both on-site and through republishers. Trust, Foundation and public (donation) funding will be explored further, but will remain secondary to membership revenue. In the short to medium term, we are focused on helping the UK HE sector through the current crisis – helping them engage with the public to demonstrate the value of research, and to ensure the public has access to high quality information about the virus. This has led to further collaboration with Research England and UKRI.

Remuneration Policy

Salaries are benchmarked against similar organisations with final sign off being made by the Board of Trustees.

Reserves Policy

Unrestricted funds totalled £332,539 as at 31 July 2020 (2019: £174,646). Restricted funds totalled £19,159 as at 31 July 2020 (2019: £20,981). It is the policy of the Trust to maintain a reserve level equivalent to a minimum of four months outgoings, partly to guard against possible fluctuations in levels of membership as well as potential changes in the funding environment. Any loss of funding or membership income would likely take several months to replace. If such replacement were not possible, the reserves provide sufficient time for the Trust to adjust its outgoings accordingly. In addition, these reserves can provide a stronger bedrock for financial planning into subsequent financial years. Current reserves are below the Trust's target of four months outgoings, approximately £450,000. Free reserves (unrestricted general funds minus fixed assets) of the charity at 31 July 2020 were £329,921 and is currently below the policy of £450,000. The trustees are working on a strategy to align the free reserves to the reserves policy.

Going concern

The directors have assessed whether the use of the going concern basis is appropriate and have consider possible events or conditions that might cast significant doubt on the ability of the company to continue as a going concern. The directors have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the directors have considered the company's forecast and projections and have taken account of the impact of the Coronavirus pandemic. The directors have carried out an analysis on budget forecasts to 31 July 2021 for varying levels of reduction in memberships which make up the majority of the company's income streams. In each case the company is able to reduce its cost to match any potential fall in income up to 50%. On this basis the directors have concluded that the company has adequate resources to continue in

The Conversation Trust (UK) Limited

Report of the Trustees

operational existence for at least twelve months from the approval of the financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Appointment of new trustees

Potential Trustees are proposed to or approached by The Conversation's Nominations subcommittee. Recommendations are then put to the Board of Trustees to vote on. The executive officers are responsible for training Trustees and making them aware of their responsibilities. The Board of Trustees maintains a skills matrix of current members. When recruiting new Trustees, the Board aims to maintain a balance of skills and backgrounds to ensure a diverse mix of people.

Auditors

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act, it is proposed that they be re-appointed auditors for the ensuing year.

Statement of trustees' responsibilities

The trustees (who are also directors of The Conversation Trust (UK) Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- comply with applicable accounting standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- 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 adequate 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, Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The Conversation Trust (UK) Limited

Report of the Trustees

Approved by the Trustees on 12 February 2021 and signed on their behalf by:

Chair: Professor Colin Riordan

A handwritten signature in black ink, appearing to be 'C. Riordan', is written over a light blue dotted rectangular background.

Auditor's Report to the Trustees of The Conversation Trust (UK) Limited

We have audited the financial statements of The Conversation Trust (UK) for the year ended 31 July 2020 which comprises the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 FRS 102 'The Financial Reporting Standard Applicable in the UK and 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 July 2019 and of its incoming resources and application of resources, including 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, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Auditor's Report to the Trustees of The Conversation Trust (UK) Limited

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.

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' annual report.

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 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 exemption in preparing the from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 4, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Report to the Trustees of The Conversation Trust (UK) Limited

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Shivani Kothari, FCCA. DChA
For and on behalf of Moore Kingston Smith LLP

Date: 1 March 2021

Devonshire House
60 Goswell Road
London EC1M 7AD

The Conversation Trust (UK) Limited
Statement of Financial Activities
(incorporating the Income and Expenditure account)
For the year ended 31st July 2020

	Notes	Unrestricted Funds £	Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Income from:					
Donations					
Grants and donations	2	69,053	82,427	151,480	109,355
Membership subscriptions		1,307,625	-	1,307,625	1,201,166
Gifts in Kind	3	90,000	-	90,000	90,000
Other income		3,060	-	3,060	-
Investment Income		-	-	-	144
Total		<u>1,469,738</u>	<u>82,427</u>	<u>1,552,165</u>	<u>1,400,665</u>
Expenditure on:					
Charitable Activities					
Advancement of education	5	<u>1,311,845</u>	<u>84,249</u>	<u>1,396,094</u>	<u>1,394,045</u>
Total		<u>1,311,845</u>	<u>84,249</u>	<u>1,396,094</u>	<u>1,394,045</u>
Net income/(expenditure)	4	157,893	(1,822)	156,071	6,620
Transfers between funds					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		157,893	(1,822)	156,071	6,620
Funds as at 1 August 2019		<u>174,646</u>	<u>20,981</u>	<u>195,627</u>	<u>189,007</u>
Fund balances carried forward as at 31 July 2020	12	<u><u>332,539</u></u>	<u><u>19,159</u></u>	<u><u>351,698</u></u>	<u><u>195,627</u></u>

All activities in the year were attributable to continuing operations.

The Conversation Trust (UK) Limited

Balance Sheet as at 31st July 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	7		2,618		2,679
Current Assets					
Debtors	8	318,670		206,071	
Cash at bank and in hand		<u>443,294</u>		<u>382,149</u>	
		761,964		588,220	
Creditors: Amounts falling due within one year	9	<u>(412,884)</u>		<u>(395,272)</u>	
Net Current Assets			<u>349,080</u>		<u>192,948</u>
Total assets less current liabilities			351,698		195,627
Net assets			<u><u>351,698</u></u>		<u><u>195,627</u></u>
Funds					
Unrestricted funds					
General Funds	10		332,539		174,646
Restricted funds	11		<u>19,159</u>		<u>20,981</u>
Total			<u><u>351,698</u></u>		<u><u>195,627</u></u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for issue by the Board on 12 February 2021

Signed on their behalf by:



Professor Colin Riordan
Trustee

Company Number 08158264

The Conversation Trust (UK) Limited

Statement of Cash Flows

for the Year Ended 31 July 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash (used in)/ provided by operating activities	<u>62,973</u>	<u>52,476</u>
Cash flows from investing activities		
Investment income and interest received	-	144
Payments to acquire tangible fixed assets	<u>(1,828)</u>	<u>(1,848)</u>
	<u>(1,828)</u>	<u>(1,704)</u>
Net increase/(decrease) in cash and cash equivalents	61,145	50,772
Cash and cash equivalents at beginning of year	<u>382,149</u>	<u>331,377</u>
Cash and cash equivalents at end of year	<u><u>443,294</u></u>	<u><u>382,149</u></u>
<hr/>		
Reconciliation of net income to net cash flow from operating activities		
	2020 £	2019 £
Net income including endowments	156,071	6,620
Adjustments for:		
Depreciation charges	1,889	1,771
Investment income	-	(144)
Increase in debtors	(112,599)	(41,870)
Increase/(decrease) in creditors	17,612	86,099
	<u>62,973</u>	<u>52,476</u>
Net cash (used in)/provided by operating activities	<u><u>62,973</u></u>	<u><u>52,476</u></u>

The Conversation Trust (UK) Limited

Notes to the Financial Statements

For the year ended 31st July 2020

1 Accounting Policies

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006, the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

1.2 Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the trustees have considered the charitable company's forecast and projections and have taken account of the impact of the Coronavirus pandemic. The trustees have carried out an analysis on budget forecasts to 31 July 2021 for varying levels of reduction in memberships which make up the majority of the charitable company's income streams. In each case the charitable company is able to reduce its cost to match any potential fall in income up to 50%. On this basis the trustees have concluded that the charitable company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Income

All income is included in the Statement of Financial Activities when the Trust is entitled to the income and the amount can be quantified with reasonable accuracy.

Income received in advance is deferred where it would be repayable if conditions are not met in the future.

1.4 Gifts in kind

Where services are provided to the charity as a donation that would normally be purchased from suppliers, this contribution is included in the financial statements as an estimate based on the value of the contribution to the charity. Donated services and facilities are discussed in note 3.

1.5 Unrestricted funds

These resources arise from grants and donations provided for unrestricted purposes and from accumulated surpluses and deficits in the operations for charitable purposes and are expendable at the discretion of the trustees.

1.6 Designated funds

These funds have been designated for a particular purpose by the trustees.

1.7 Restricted funds

These funds arise from contributions made for specific purposes and are expended in accordance with these purposes.

The Conversation Trust (UK) Limited

Notes to the Financial Statements

For the year ended 31st July 2020

1.8 Expenditure

Expenditure is classified under the principal categories of charitable expenditure and the costs of raising funds rather than the type of expense, in order to provide more useful information to users of these accounts. Irrecoverable VAT is treated as an expense.

Charitable expenditure and costs of raising funds comprise direct expenditure attributable to the Trust. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of the resources.

1.9 Defined contribution pension plans

The charity operates a defined contribution plan for its employees. The contributions are recognised as an expense when they are due in the statement of financial activities. All contributions were paid during the year and there are no amounts outstanding at either the 2020 or 2019 year end.

1.10 Governance costs

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

1.11 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Depreciation has been calculated at the following annual rates, in order to write off each asset over its estimated useful life.

Computer equipment	<i>3 years straight line</i>
--------------------	------------------------------

The charity's capitalisation policy is to capitalise individual assets costing over £500.

1.12 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.13 Financial Instrument

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 8 and 9 for the debtor and creditor notes.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

1.15 Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the trustees to have most significant effect on amounts recognised in the financial statements.

- (i) The valuation of gifts in kind has been estimated as per note 1.4 and note 3.
- (ii) Useful Economic Lives - The annual depreciation charge for property, plant and equipment is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended where necessary to reflect current circumstances.

The Conversation Trust (UK) Limited
Notes to the Financial Statements
For the year ended 31st July 2020

2 Grants and donations	2020	2019
	£	£
Lloyds Register Foundation	-	14,928
Independent Social Research Foundation	12,500	25,000
UK Research and Innovation	60,900	30,000
COST Action	9,027	-
Individual donations	69,053	39,427
	<u>151,480</u>	<u>109,355</u>

All grants and donations in 2020 and 2019 are restricted except for the individual donations which are unrestricted.

3 Gifts in Kind

An estimate of the support in kind, based on the value of the contribution to the charity, has been included as a donation and a cost, at amounts summarised below:

	2020	2019
	£	£
Rent and utilities	<u>90,000</u>	<u>90,000</u>

4 Net income

The net income for the year is stated after charging:

	2020	2019
	£	£
Auditor's remuneration- audit fee current year (net of VAT)	<u>7,618</u>	<u>3,800</u>

5 Expenditure

	Staff Costs (note 6)	Direct Costs	Support costs (note 5a)	Total 2020
		£	£	£
Charitable Activities				
Public Learning	<u>1,098,577</u>	<u>130,737</u>	<u>166,780</u>	<u>1,396,094</u>
	<u>1,098,577</u>	<u>130,737</u>	<u>166,780</u>	<u>1,396,094</u>
	Staff Costs (note 6)	Direct Costs	Support costs (note 5a)	Total 2019
		£	£	£
Charitable Activities				
Public Learning	<u>1,055,901</u>	<u>168,925</u>	<u>169,219</u>	<u>1,394,045</u>
	<u>1,055,901</u>	<u>168,925</u>	<u>169,219</u>	<u>1,394,045</u>

Staff costs include £83,800 (2019: £69,928) of expenditure funded by restricted grants.

5a Support costs

	2020	2019
	£	£
Office costs	109,494	112,674
Legal and professional fees	8,070	14,802
Insurance	2,250	3,762
Interest paid and bank charges	2,262	-
Travel	20,267	31,650
Depreciation	1,889	1,771
Marketing	14,930	-
Governance costs	<u>7,618</u>	<u>4,560</u>
	<u>166,780</u>	<u>169,219</u>

The Conversation Trust (UK) Limited
Notes to the Financial Statements
For the year ended 31st July 2020

6 Staff costs	2020 £	2019 £
Salaries and wages	980,456	944,750
Social security costs	94,177	99,247
Employers pension contributions	23,944	11,904
	<u>1,098,577</u>	<u>1,055,901</u>

One employee (2019: one) earned between £70,001 - £80,000 in the year.

One employee (2019: one) earned between £90,001 - £99,999 in the year.

Pension contributions in relation to the higher paid employees totalled £2,632 for the year (2019: £2,632).

Key management personnel includes the trustees, Chief Executive (and three senior staff reporting directly to the Chief Executive). The total employee benefits of the charity's key management personnel were £315,863 (2019: £295,405). No trustee received any remuneration as part of this figure.

The average number of employees (including casual and part time staff) during the year was as follows:

	2020	2019
Employees	<u>24</u>	<u>25</u>

7 Tangible Fixed Assets	Computer & office equipment £
Cost	
As at 1 August 2019	21,419
Additions	1,828
As at 31 July 2020	<u>23,247</u>
Depreciation	
As at 1 August 2019	18,740
Charge in year	1,889
As at 31 July 2020	<u>20,629</u>
Net book value	
As at 31 July 2020	<u>2,618</u>
As at 31 July 2019	<u>2,679</u>

8 Debtors	2020 £	2019 £
Other debtors	292,786	171,817
Prepayments and accrued income	25,884	34,254
	<u>318,670</u>	<u>206,071</u>

9 Creditors: Amounts falling due within one year	2020 £	2019 £
Trade creditors	48,301	2,340
Accruals and deferred income	364,583	392,932
	<u>412,884</u>	<u>395,272</u>

Included within accruals and deferred income is a total amount of £359,083 (2019: £388,375) in respect of deferred income for membership fees.

The Conversation Trust (UK) Limited
Notes to the Financial Statements
For the year ended 31st July 2020

9 Creditors: Amounts falling due (continued)
within one year

Deferred income in 2020 relates to membership for the next financial year.

	2020	2019
	£	£
Brought forward	388,375	300,125
Amount added	359,083	388,375
Amount released	(388,375)	(300,125)
Carried forward	<u>359,083</u>	<u>388,375</u>

10 Unrestricted Funds

	As At 1	Income	Expenditure	Transfers	As At 31
	August 2019	£	£	£	July 2020
	£				£
General Fund	<u>174,646</u>	<u>1,469,738</u>	<u>(1,311,845)</u>	<u>-</u>	<u>332,539</u>

	As At 1	Income	Expenditure	Transfers	As At 31
	August 2018	£	£	£	July 2019
	£				£
General Fund	<u>150,713</u>	<u>1,330,737</u>	<u>(1,306,804)</u>	<u>-</u>	<u>174,646</u>

11 Restricted funds

	As At 1	Income	Expenditure	Transfers	As At 31
	August 2019	£	£	£	July 2020
	£				£
(b) Lloyds Register Foundation	20,981			-	20,981
(b) Independent Social Research Foundation	-	12,500	(75)	-	12,425
(b) UK Research and Innovation	-	60,900	(75,674)	-	(14,774)
(b) COST Action	-	9,027	(8,500)	-	527
	<u>20,981</u>	<u>82,427</u>	<u>(84,249)</u>	<u>-</u>	<u>19,159</u>

UK Research and Innovation has a negative fund balance at year end. This is due to timing differences, with funding due based on milestones at the funder's discretion. Consequently no income has been accrued, leading to a negative year end balance.

	As At 1	Income	Expenditure	Transfers	As At 31
	August 2018	£	£	£	July 2019
	£				£
(b) Lloyds Register Foundation	38,294	14,928	(32,241)	-	20,981
(b) Independent Social Research	-	25,000	(25,000)	-	-
(b) UK Research and Innovation	-	30,000	(30,000)	-	-
	<u>38,294</u>	<u>69,928</u>	<u>(87,241)</u>	<u>-</u>	<u>20,981</u>

The Conversation Trust (UK) Limited
Notes to the Financial Statements
For the year ended 31st July 2020

11 Restricted funds (contined)

- (a) The charity received a grant to fund an editor role relating to Welsh content.
- (b) The charity received a grant to fund a specific editor/intern role.

12 Analysis of Net Assets between Funds

	General	Restricted	2020
	£	£	Total Funds
			£
Fund balances at 31st July 2020			
represented by:			
Fixed assets	2,618	-	2,618
Net current assets	329,921	19,159	349,080
	<hr/>	<hr/>	<hr/>
Total net assets	<u>332,539</u>	<u>19,159</u>	<u>351,698</u>
	General	Restricted	2019
	£	£	Total Funds
			£
Fund balances at 31st July 2019			
represented by:			
Fixed assets	2,679	-	2,679
Net current assets	171,967	20,981	192,948
Long term liabilities		-	-
	<hr/>	<hr/>	<hr/>
Total net assets	<u>174,646</u>	<u>20,981</u>	<u>195,627</u>

13 Transactions with Trustees

There was no remuneration paid to the trustees during the period.

Two trustees (2019: two) were reimbursed £187 (2019: £471) travel and subsistence expenses in the period.

16 Pension commitments

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund and amounted to £23,944 (2019: £11,904).

15 Related party transactions

During the year one Trustee (2019: none) made a donation of £100 (2019: £Nil) to The Conversation Trust.

There were no other related party transactions during the year (2019: none).

16 Limited Liability

The charitable company is limited by guarantee and has no share capital. In the event of it winding up the liability of each member is limited to £1.