

The Society of Authors

84 Drayton Gardens, London SW10 9SB

2011 Annual Report

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General Secretary: Nicola Solomon

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and an independent trade union

The purpose of this report is briefly to summarise the Society's work during 2011. Members were sent four issues of *The Author*, which gave more extensive accounts of matters of importance and interest as they arose; while further information, 'breaking news', and copies of formal submissions and representations, were given on the Society's website.

The state of publishing

Members know too well how difficult things have been; we do not intend to labour the point here. The rise of the internet, the increasing power of Amazon, the coming of age of the ebook: all have been decidedly mixed blessings – but authors consistently show their resilience and willingness to adapt.

Staff

Mark Le Fanu retired after serving as General Secretary of the Society from 1986 to 2011. Many members owe Mark a significant debt of gratitude. His calm and benevolent guidance will be missed. We welcome his successor, Nicola Solomon, who joined as General Secretary in March.

The day-to-day work of the Society

Members may wonder what actually happens at 84 Drayton Gardens. Staff roles include: administering a portfolio of prizes and grants; the literary estates department represents a range of authors' estates (including Bernard Shaw and Philip Larkin). The staff organise, and help members to organise, meetings in London and around the UK, as well as and through the various specialist Groups (whose activities and campaigns are reported in *The Author*). There is the administration of the membership department, the website, *The Author* and various social media links with members; we also make efforts to liaise with other like-minded organisations on professional matters and social activities for authors. Another core aspect of the office's work continues to be advising individual members (including the contracts vetting service). For reasons of confidentiality we cannot be more specific but responding to business queries from members on a case by case basis takes up probably 80% of the time of four members of staff, and a significant part of the working time of four more.

The public face of the Society

The Society (on its own, and in association with other organisations) campaigned about, and made detailed submissions on, a substantial range of issues over the year. These included:

The future of copyright

Too many commentators, and the government, seemed to consider copyright an obstacle to growth when all the hard evidence is quite the reverse. This negative perception is one that we did our best to correct whenever possible. We hoped that our views would carry added weight given that authors see both sides of the argument, many being in various ways reliant on source materials while also being rights holders themselves.

The government launched consultations and proposals aimed at revising intellectual property laws. Of principal interest to members was the question of how best to make ‘orphan works’ available to users. Orphan works are those which are still in copyright but where the copyright owner(s) cannot be traced. The Society made clear that it was in favour of finding a solution to the problem of orphan works being left in limbo, but that any legislation must provide adequate safeguards for rights holders, including use being permitted only with a licence obtained in advance, subject to evidence of diligent search having been made to identify and contact the rights holder, and payment reflecting market rates. Another major concern was the suggestion that the range of ways a work could be exploited for purposes of education without requiring permission from the rights holder, and the definition of ‘education’ in that context, should be substantially widened. In addition, we regretted that authors’ moral rights were not addressed, but welcomed the proposal to introduce a Small Claims track (in the Patent County Court) for intellectual property claims of less than £5,000.

An independent review of cultural education

In our submission to the review, held at the request of the Culture Minister Ed Vaizey, we reiterated concerns we had already raised with the Secretary of State for Education, Michael Gove, about the current reductive nature of teaching in England and Wales and its damaging effect on literacy and communication skills. We stressed the value to children of school visits by authors; the need to guarantee the supply of school libraries; and the vital importance of nurturing a nationwide culture of reading for pleasure, creative writing, a habit of informed research, and an environment which broadens the mind and reflects Britain’s magnificent cultural heritage.

An inquiry into exams for 15–19-year-olds

The Society’s submission to this House of Commons Select Committee inquiry was largely based on the feedback we had received to a survey of Educational Writers Group members about teaching and textbooks (including those endorsed by exam boards).

The threat to libraries

The very strong threat to libraries, and vociferous protests from many quarters, continued throughout the year. Campaigning was of necessity somewhat fragmented because each local authority is individually responsible for the libraries under its control. As the year ended, the results of a number of judicial reviews over proposed library closures, and appeals against review judgments, were awaited.

Reform of the law of libel

Serious flaws in the UK's libel laws had been highlighted in a number of recent high-profile cases (including the British Chiropractic Association action against Dr. Simon Singh), as had the substantial rise in libel tourism cases being brought in the UK. In the wake of the Libel Reform Campaign (run by English PEN, Index on Censorship and Sense about Science) to which the Society gave its enthusiastic support, we were pleased that the government published a draft Defamation Bill in March. While welcoming many of the proposed changes in the draft Bill, the Libel Reform Campaign made clear that others aspects still needed substantial strengthening. It was frustrating that at the end of the year, the badly needed Defamation Bill was still awaited.

Ebooks and Amazon

As ebook sales increasingly cannibalised print sales, the Kindle – exclusive to Amazon – rapidly became the e-reading device of choice. As the year ended, the 'agency model' (whereby the publisher sets the retail price of the ebook and the retailer merely takes a fixed percentage commission), was under legal scrutiny in the USA, Brussels, and the UK. We observed in *The Author* that it would be ironic if the agency model were deemed anti-competitive given that it was one of the few effective ways publishers have of imposing some control on Amazon's pricing policies.

The Kindle's domination of the ebook market also enabled Amazon to venture into publishing, offering authors the chance to self-publish ebooks (via its US company). This was both a blessing and a curse: easy to publish but regardless of quality, and commensurately harder to make one's book stand out from the crowd. It did, however, add to the pressure on publishers to offer fairer royalties on ebook sales. We continued to press publishers to make significant improvements in ebook royalties, and for rights reversion clauses in contracts to reflect the fact that print-on-demand and ebooks allow a publisher to keep hold of publishing rights long after it has recouped its costs and book sales have all but ceased.

In July, the Office of Fair Trading invited submissions about Amazon's proposed merger with The Book Depository, the other principal online bookseller in the UK.

Responses were made by, amongst others, the Society of Authors and the Booksellers Association. Both stressed that the growing dominance of Amazon seriously threatened all other book retailing, and that if highstreet bookshops were lost, not only would that reduce diversity and competition but it would also mean that – especially with libraries also under threat – communities would lose a major cultural hub. At the end of October the OFT cleared the merger on the grounds that ‘this small increment to Amazon’s position does not raise competition issues’.

The OFT had also invited views on Amazon’s position and influence within publishing and bookselling more widely. We felt that this indeed was much more the essence of the problem. As the year ended it was not clear whether the responses the OFT received on this point, from the Society and the Booksellers Association amongst others, would be put to any useful purpose.

The role of agents

Reacting to the rapidly changing publishing landscape, at the start of the year there was concern that some agents were considering setting up their own ebook publishing enterprises, but legal advice received by the Association of Authors Agents made clear that if evidence of self-dealing were found, any agent-as-publisher contract could be cancelled at the author’s request; and that agents were bound to ensure full and frank disclosure to their clients as to the implications and terms of any such agreement. By the end of the year a greater concern was that of agents endorsing the print-on-demand/ebook-only deals offered by some publishers for backlist works – deals which we consider often unfavourable to authors. These two matters led us to stress to members: if in doubt, always to consult the Society for a second opinion.

Public Lending Right

At the end of 2010 the DCMS had announced that while the legal right of authors to receive a payment for the free lending of their books by public libraries would continue, the PLR organisation was to be abolished as part of a government-wide reduction in the number of ‘quangos’. We made clear our regret, emphasising that under the stewardship of the Registrar Jim Parker and his staff, the PLR Office was universally felt to be cost-conscious, highly efficient, and highly regarded. By the end of the year, it was not known what public body might be asked take over responsibility for PLR.

The threat to short stories

As short story slots on Radio 4 were reduced to make way for the extended *World at One*, over 9,000 listeners signed a petition in protest. In addition, the Society, Writers’ Guild

and Equity argued that the BBC was failing in its commitments to originality, diversity and a duty to stimulate creativity and cultural excellence. We supported the campaign with a six week short-story tweetathon which was covered in the broadsheets and trended on the UK Twitter Top Ten.

The Society's Constitution and Management Committee

At its meeting in November the Management Committee agreed to review and modernise the Society's constitution (dating largely from 1884). This would necessarily involve a review of the Society's aims and practices, and particular consideration would be given to any need for change to increase openness and democracy. A draft would be available for members' comments as soon as possible in 2012.

In addition to the Management Committee's nominees to join the Committee in the autumn, a nomination was also received from Gregor Dallas. Following a ballot of the membership, the authors elected to fill the four vacancies were Gregor Dallas, Juliet Gardiner, Philip Gross and James Runcie.

It was agreed that the process for elections to the Committee in the future would be considered by the Committee, for approval by the membership during 2012.

Grants

The Society distributed £107,700 to writers through the Authors' Foundation and a further £22,000 through the K Blundell Trust. These grants enable writers to buy time to write and research, and to travel, while working on their next book. Grants totalling £10,758 from the Authors' Contingency Fund, £1,150 from the John Masfield Memorial Trust Fund, £12,600 from the Francis Head Bequest, and a £500 Margaret Rhondda Award were made to professional writers in sudden financial difficulty.

Prizes

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

The Society's Awards totalling £76,000, given at a reception in June at the Cavalry & Guards Club. They were introduced by Lindsey Davis and presented by Joanna Trollope, and included the Travelling Scholarships, the Somerset Maugham Awards, the Tom-Gallon Trust Award, the McKitterick Prize, the Betty Trask Prize and Awards, the Cholmondeley Awards and the Eric Gregory Awards; also the Elizabeth Longford Prize for Historical Biography sponsored by Flora Fraser and Peter Soros.

In December the Imison and Tinniswood Awards for Radio Drama, presented by David Tennant at an inaugural radio awards evening hosted by the BBC; and the ALCS

Award for Educational Writing, presented at the All Party Writers Group Winter Reception at the House of Commons.

The 2010 Translation Prizes, presented in January at Kings Place, London. They were the John Florio Prize (from Italian), sponsored by the Italian Cultural Institute, the British-Italian Society and Arts Council England; the Saif Ghobash-Banipal Prize (from Arabic), sponsored by Omar Saif Ghobash and the Ghobash family and the Banipal Trust for Arab Literature; the Schlegel-Tieck Prize (from German), sponsored by the Goethe-Institut, the German Embassy and Arts Council England; the Scott Moncrieff Prize (from French), sponsored by the Book Office of the French Embassy in London and Arts Council England; the Premio Valle Inclán (from Spanish), sponsored by the Cultural Office of the Spanish Embassy, the Instituto Cervantes in London and Arts Council England; and the TLS-Risa Domb Porjes Prize (from Hebrew), sponsored by the Porjes Trust.

Membership and subscriptions

The number of Members of the Society went from 8,632 to 8,661 and Associates rose from 330 to 364. Many of those joining tell us that they have been encouraged to do so by existing members. Thank you for your endorsement and support.

Membership benefits included discounts on books and magazine subscriptions, and special rates on various forms of professional insurance. The Society also became more active in establishing links with other writers' organisations, including the Crime Writers Association, English PEN, the Historical Writers' Association, the International Association of Conscious and Creative Writers, the Romantic Novelists Association and the Royal Society of Literature.

During the year the Society established a presence on Twitter and Facebook. Improvements to the website included extending the author profile facility to allow members to upload a personal photo, book covers, a personal statement, and links to their own websites. The Society's publicly searchable databases *Find a Writer* and *Find a Literary Translator* were upgraded to allow members to include details of their books, including ebooks, with automatic links to the online retailer of that author's choice (including his/her own website).

The Management Committee was very mindful that many members were having a difficult time. On the other hand, subscriptions were last increased in 2008 – so, hoping that an immediate small rise would be less painful than a larger increase in a year or so, the Committee approved a 6% rise in subscriptions from 1st January 2012 (pegging subscription rises to less than the rise in the rate of inflation over the same period).

Our gratitude to members

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

The Management Committee: Lindsey Davis (Chair), Patrick Barwise, Nicholas Clee, Gregor Dallas, Juliet Gardiner, Philip Gross, Anthony Horowitz, Graham Joyce, David Kynaston, James Runcie, Anne Sebba and Sarah Waters. Also retiring Committee members Tom Holland (who also served as Chair for two years), Malorie Blackman, Kathryn Hughes and Lawrence Sail.

The Society of Authors in Scotland Committee: Angus Konstam (Chair), Lin Anderson, Catherine Czerkawska, Maggie Craig, Jonathan Falla, Iain Gale, Sara Sheridan, Sheila Templeton, John Ward. Also retiring Committee member Caroline Dunford.

The Broadcasting Group Committee: Alison Joseph (Chair), Ruth Brandon, Lucy Caldwell, Christopher William Hill, Michelle Lipton, Karl Sabbagh, John Taylor, Colin Teevan, Jane Thynne and Elizabeth-Anne Wheal. Also retiring Committee members Mike Bartlett, Nazrin Choudhury, Karen Liebreich and Sue Limb.

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

The Educational Writers Group Committee: Hilary Parnall (Chair), Chris Barker, Richard Bateman, Marie-Therese Bougard, Anita Loughrey, Philip Prowse, Jenny Vaughan and Russell Whitehead.

The Translators Association Committee: Maureen Freely (Chair), Nick Caistor, Robert Chandler, Kevin Halliwell, Nicky Harman, Rosalind Harvey, Antonia Lloyd-Jones, Ros Schwartz, Trista Selous, Stefan Tobler and Paul Vincent. Also retiring Committee members Daniel Hahn (Chair), Polly McLean and Sandra Smith.

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

The Editor of *The Author*, Andrew Rosenheim; and financial advisers Michael Ridpath and the Hon Treasurer Barry Kernon.

The judges and assessors of the Society's various prizes, grants and awards, including: Moniza Alvi, Lisa Allardice, Lisa Appignanesi, Robert Bathurst, Paul Bailey, the members of the Broadcasting Committee, Alan Brownjohn, Elizabeth Buchan, Mavis Cheek, Polly Clark, Jim Crace, Rachel Cusk, Nicola Davies, Lindsey Davis, Paul

Donovan, Carol Ann Duffy, Kay Dunbar, William Fiennes, Roy Foster, Antonia Fraser, Flora Fraser, Chris Freudenberg, Frances Fyfield, Jane Gardam, David Gilmour, John Greening, Georgina Hammick, Eva Hoffman, M. J. Hyland, Alan Judd, Fiona Kirk, Lee Langley, Nell Leyshon, Andrea Levy, Shena Mackay, Adam Mars-Jones, Caroline Moorehead, Bernard O'Donoghue, Dennis O'Driscoll, Ian Patterson, Munro Price, Jacob Ross, Carol Rumens, Fiona Sampson, Jo Shapcott. Also the judges of the translation prizes: Susan Bassnett, Guido Bonsaver, Elliott Colla, Ruth Cruickshank, Margaret Drabble, Tamar Drukker, Patricia Duncker, Gabriel Josipovici, John King, Christine Lo, Francesca Mediolini, Jeremy Munday, Tsila Ratner, Michele Roberts, Jacob Ross, Martin Sorrell, Yasir Suleiman, Marina Warner, Jason Wilson.

For help with the tweetathon: Simon Brett, Neil Gaiman, Joanne Harris, Alison Joseph, Susie Maguire, Ian Rankin, Ian Skillicorn, Colin Teevan, Jane Thynne and Sarah Waters, the actors who recorded the final stories Brenda Blethyn, Hugh Bonneville, Bill Nighy and Pip Torrens, and for their help in publicising the tweetathon Stephen Fry and Joanna Lumley.

LINDSEY DAVIS, Chair
NICOLA SOLOMON, General Secretary

For the Committee of
Management

Balance Sheet as at 31st December 2011

	NOTES	2011 £	2010 £
FIXED ASSETS	1		
Tangible Fixed Assets	6	281,985	306,980
Quoted Investments at Cost	8(i)	714,648	715,031
		996,633	1,022,011
CURRENT ASSETS			
Debtors and Prepayments	11	86,916	61,230
Cash at Bank and in Hand		222,791	402,198
		309,707	463,428
CREDITORS: Amounts falling due within one year	10	558,861	767,499
NET CURRENT ASSETS		(249,154)	(304,071)
TOTAL ASSETS LESS CURRENT LIABILITIES		747,479	717,940
Represented by:			
Share Capital	2	72	72
Capital Reserve	7	141,482	141,482
General Fund		605,925	576,386
		747,479	717,940

Income and Expenditure Account for the Year ended 31st December 2011

	NOTES	2011 £	2010 £
Income for the year	1	1,024,327	949,215
Administration Costs and Other Operating Charges		992,828	936,891
SURPLUS		31,499	12,324
Surplus/(Deficit) on Sale of Investments		271	(5,990)
		31,770	6,334
Less: Bank Interest Paid		-	-
SURPLUS BEFORE TAXATION		31,770	6,334
Taxation	5	(2,231)	(1,923)
SURPLUS AFTER TAXATION		29,539	4,411
Decrease in Provision for Fall in Value of certain Investments	8	-	6,395
RETAINED SURPLUS TRANSFERRED TO GENERAL FUND		29,539	10,806
General Fund Brought Forward		576,386	565,580
SURPLUS OF GENERAL FUND CARRIED FORWARD		605,925	576,386

Detailed Income and Expenditure Account for the Year ended 31st December 2011

	NOTES	2011 £	2010 £
INCOME			
Members Annual Subscriptions	1	684,431	677,098
Commissions on Royalty Collections		121,248	88,179
Management Fees		56,641	81,719
Rents Receivable Less Expenses		56,858	58,131
Interest Receivable		260	410
Income from Quoted Investments	8(ii)	28,122	26,932
Royalties and Other Income		47,354	16,592
Donations and Legacies		29,413	154
		<u>1,024,327</u>	<u>949,215</u>
EXPENDITURE			
Salaries and Fees		573,816	527,472
National Insurance Contributions		62,537	57,549
Pension Contributions		65,897	79,971
Printing and Stationery		10,962	9,629
Postage and Communications		20,175	20,531
Legal and Professional Fees		26,116	19,314
Rates and Insurance		32,158	26,079
Heating, Lighting and Cleaning		16,823	17,370
Repairs and Maintenance		15,998	15,601
Travelling and Entertaining		10,236	9,665
Net Cost of Publications		65,674	61,111
Books and Periodicals		2,821	2,255
Society Functions		6,703	4,622
Grants and Donations		230	515
Bank Charges		4,700	2,387
Society Groups		11,453	15,228
Sundry Expenses		9,976	13,360
Computer Expenses		28,524	19,529
Depreciation of Fixed Assets	1&6	28,767	34,697
(Profit)/Loss on Sale of Fixed Assets		(738)	6
		<u>992,828</u>	<u>936,891</u>
Bank Interest Paid		--	--
		<u>992,828</u>	<u>936,891</u>
SURPLUS for the year		31,499	12,324
Profit/(Loss) on Sale of Investments		271	(5,990)
TOTAL SURPLUS for the year		<u><u>31,770</u></u>	<u><u>6,334</u></u>

Notes to the Financial Statements

1. ACCOUNTING POLICIES

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

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

Members' subscriptions are annual payments due at varying dates throughout the year. The amount of subscriptions applicable to any period after 31st December 2011 is prepaid by the Society and is included in Creditors shown in Note 10. Other income is included on the basis of amounts receivable in the year.

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

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

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

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

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

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

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

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

2. SHARE CAPITAL AT 31 DECEMBER 2011 AND 2010

		Authorised	Issued and Fully Paid
2011	Shares of £1 each	<u>1,000</u>	<u>72</u>
2010	Shares of £1 each	<u>1,000</u>	<u>72</u>

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

3. ALLOCATED FUNDS

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

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

4. CHARITABLE FUNDS

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

5. TAXATION	2011 £	2010 £
Tax Paid on Investment Income Received	2,843	2,726
Tax Paid on Interest Received	<u>41</u>	<u>81</u>
	2,884	2,807
Corporation Tax payable for the year at 21%/20% (2010: 21%)	-	-
Refundable Tax on Interest paid	(653)	(881)
Interest received on Tax refunded	<u>-</u>	<u>(3)</u>
Taxation Charge	<u><u>2,231</u></u>	<u><u>1,923</u></u>

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

6. TANGIBLE FIXED ASSETS

	FREEHOLD PROPERTIES & IMPROVEMENTS	FURNITURE FITTINGS AND EQUIPMENT	MOTOR VEHICLES	TOTAL
COST	£	£	£	£
At 1 January 2011	285,999	225,058	19,495	530,552
Additions	<u>-</u>	<u>10,034</u>	<u>-</u>	<u>10,034</u>
	285,999	235,092	19,495	540,586
LESS: Disposals	<u>-</u>	<u>(19,586)</u>	<u>(12,495)</u>	<u>(32,081)</u>
As at 31 December 2011	<u><u>285,999</u></u>	<u><u>215,506</u></u>	<u><u>7,000</u></u>	<u><u>508,505</u></u>
DEPRECIATION				
As at 1 January 2011	22,786	187,539	13,247	223,572
Charge for the year	<u>2,790</u>	<u>25,977</u>	<u>-</u>	<u>28,767</u>
	25,576	213,516	13,247	252,339
LESS: Disposals	<u>-</u>	<u>(19,571)</u>	<u>(6,248)</u>	<u>(25,819)</u>
As at 31 December 2011	<u><u>25,576</u></u>	<u><u>193,945</u></u>	<u><u>6,999</u></u>	<u><u>226,520</u></u>
NET BOOK VALUE				
At 31 December 2011	<u><u>260,423</u></u>	<u><u>21,561</u></u>	<u><u>1</u></u>	<u><u>281,985</u></u>
At 31 December 2010	<u><u>263,213</u></u>	<u><u>37,519</u></u>	<u><u>6,248</u></u>	<u><u>306,980</u></u>

7. CAPITAL RESERVES

	2011 £	2010 £
Brought Forward	<u>141,482</u>	<u>141,482</u>

8. QUOTED INVESTMENTS

i) The cost and market value of Quoted Investments at 31st December 2011 (and 2010) are as follows:-

	2011		2010	
	Cost £	Market Value £	Cost £	Market Value £
General Fund - Cost brought forward	715,031		724,117	
Additions (less disposals)	(383)		(9,086)	
	-----	714,648	1,090,088	1,163,989
Less: Provision for Fall in Value of certain Investments		-	-	
		-----	-----	-----
		<u>714,648</u>	<u>1,090,088</u>	<u>1,163,989</u>

ii) Investment Income produced by these investments is as follows:-

	GROSS Income £	TAX Deducted £
General Fund - Unfranked Investment Income	1,569	314
Franked Investment Income	22,311	2,231
Interest received Net of Tax	1,492	298
Interest received Gross	<u>2,750</u>	-
	<u>28,122</u>	<u>2,843</u>

9. STAFF COSTS

	2011 £	2010 £
Wages and Salaries	547,719	499,573
Benefits	11,237	13,964
Social Security Costs	62,537	57,549
Fees	19,736	21,012
Pension Contributions	<u>65,897</u>	<u>79,971</u>
	<u>707,126</u>	<u>672,069</u>

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

15	<u>15</u>
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The Trade Union and Labour Relations (Consolidation) Act 1992 (amended) requires details of the salary and other benefits paid to each member of the executive, the President and the General Secretary to be disclosed. No member of the executive or the President is remunerated and the disclosure requirement in respect of the previous and present General Secretary in total is £131,376 inclusive of benefits, pension contributions, death in service life insurance and Employer's National Insurance. This figure includes a final pension payment to the previous General Secretary.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Members' Subscriptions (prepaid)	304,218	300,868
National Insurance and Income Tax	19,366	17,822
Value Added Tax	12,201	6,960
General Creditors and Accruals	13,412	46,905
Bank Overdraft (see below (i) & (iv))	37,073	93,903
Literary Estates	172,591	301,041
Corporation Tax payable	-	-
	<u>558,861</u>	<u>767,499</u>

- i) The Bank Overdraft is unsecured, and there is a set off arrangement against cash at bank.
- ii) There were no contingent liabilities at 31st December 2011 (2010: None).
- iii) There are no major capital commitments authorised by the Management Committee.
- iv) Bank Loans and Overdrafts:-

Amounts falling due within one year:		
Bank Overdraft	<u>37,073</u>	<u>93,903</u>

11. DEBTORS AND PREPAYMENTS

Debtors (due within one year)	57,910	32,009
Income Tax Repayable	653	881
Prepayments	<u>28,353</u>	<u>28,340</u>
	<u>86,916</u>	<u>61,230</u>

12. OPERATING SURPLUS

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

Staff Costs (See Note 9)	707,126	672,069
Depreciation and Loss on disposal of Tangible Fixed Assets	<u>28,029</u>	<u>34,703</u>

13. PENSION COSTS

The Society operates defined contribution pension schemes for the benefit of its staff members. Contributions are paid monthly and the charge in the Income and Expenditure Account is the amount payable for the year (See Note 9). The funds are held separately from those of the Society in independently administered funds. Included in general creditors is the sum of £Nil (2010: £Nil) in respect of amounts payable to the schemes at the year-end.

Review of Business

A summary of the results of the year's activities is given on pages 11 to 16.

Movements in 2011 compared to 2010, and the movements in 2010 compared to 2009, were as follows:-

	2011 compared to 2010	2010 compared to 2009
	£	£
Members' Annual Subscriptions	Increase 7,333	Increase 8,233
Commissions on Royalty Collections	Increase 33,069	Decrease (47,157)
Income from Investments and Interest	Increase 1,040	Increase 1,138
Royalties and Other Income	Increase 60,021	Decrease (28,903)
Management Fees	Decrease (25,078)	Increase 6,316
Rents Receivable	Decrease (1,273)	Increase 11,007
Total Income	Increase 75,112	Decrease (49,366)
Total Expenditure	Increase 55,937	Decrease (9,873)

The Surplus for the year after Taxation was £29,539 (2010: £10,806). This sum was transferred to the General Fund. The Society received a large donation in 2011 of £29,347 which is included in Donations and Legacies, though it may later come out of the accounts and be transferred to the Authors' Foundation Fund, which is one of the charities managed by the Society.

The Net Current Assets of the Society increased during the year by £55,000 (2010: by £42,000) and the Fixed Assets decreased by £25,000 (2010: by £31,000), making the total assets of the Society £747,000 (2010: £718,000). The market value of the investments at the year-end date exceeds the cost price by £375,000 (2010: by £449,000).

Auditor's Report

Scope

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

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

Conclusion

Based on our work, nothing has come to our attention to refute the directors' confirmation that in accordance with the Companies Act 2006 the financial statements give a true and fair view of the state of the Society's affairs as at 31st December 2010 and of its profit for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard form Smaller Entities (effective April 2008).

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

Date: 17th May 2012

Statement to Members

We are required by law to state:

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

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

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

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