REGISTERED COMPANY NUMBER: SC296476 (Scotland)
REGISTERED CHARITY NUMBER: SC037347

Report of the Trustees and Financial Statements For The Year Ended 28 February 2012 for Borders Book Festival

Gall Robertson CA
Tweedside Park
Tweedbank
Galashiels
Selkirkshire
TD1 3TE

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SCT 28/11/2012 #812
COMPANIES HOUSE

Borders Book Festival

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for the Year Ended 28 February 2012

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Borders Book Festival

Report of the Trustees
for the Year Ended 28 February 2012

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 28 February 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC296476 (Scotland)

Registered Charity number
SC037347

Registered office
Harmony House
St Mary's Road
Melrose
TD6 9LJ

Trustees
F de C Hamilton
A Moffat
P Ogilvie

Independent Examiner
Sheila Robertson
Chartered Accountant (ICAS)
Gall Robertson CA
Tweedside Park
Tweedbank
Galashiels
Selkirkshire
TD1 3TE

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document
The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Borders Book Festival is a charitable company limited by guarantee incorporated on 2 February 2006 (Company No. SC296476) and governed by its Memorandum and Articles of Association. It is a registered Scottish Charity (number SC037347).

Organisational structure
Management is carried out by a Board of Directors which meet regularly throughout the year, with additional personnel contracted around the time of the annual Borders Book Festival held in June in Melrose.

Risk management
The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Company was established to:
(i) promote the arts for the benefit of the public, and in particular to encourage and develop public participation and interest in the cultural and social heritage of the Borders Region;

(ii) present public readings and other artistic performances at the annual Borders Book Festival or elsewhere, for the benefit of the local and general public;

(iii) support and encourage authors, writers and other practitioners of the arts by providing them with the opportunity to perform or display their talents at the annual Borders Book Festival or elsewhere;

(iv) establish and promote international, national and regional exchanges of ideas and information in relation to the arts, by lectures, performances, displays and otherwise in suitable public venues.

Background

Borders Book Festival began in 2004 as an unincorporated entity with the purpose of arranging annual literary festivals in Melrose. It acted originally in conjunction with the Melrose Arts Trust, an existing charitable trust operating a small theatre in Melrose. In February 2006, as noted above, Borders Book Festival was incorporated as a separate and independent charitable company with its own Board of Directors. During the year under review the company had a Board of three directors/trustees.

The company owns no land or buildings and for its office needs it rents basement premises in Harmony House, Melrose, under a five-year agreement with the owners, the National Trust for Scotland. A separate agreement also allows the company to use the whole of Harmony House and Gardens in Melrose for a week each year for its annual book festivals, against payment to the National Trust for Scotland of agreed fees and reimbursement of certain costs.

Report of the Trustees
for the Year Ended 28 February 2012

ACHIEVEMENT AND PERFORMANCE

The company has now presented eight annual Borders Book Festivals, of which the last five have taken place at Harmony House and Gardens. Each year, the festivals succeed in attracting prominent UK and foreign authors to Melrose to talk about their work to enthusiastic and growing audiences. The June 2011 programme included a total of 65 separate events - 45 in the main festival and a further 20 in the Children's Festival. Total attendances at festival events numbered nearly 12,700 - an increase of more than 20% over 2010. Approximately 35% of ticket purchasers were from outwith the Borders.

Besides the weekend Children's Festival there is also a weekday Schools Gala Day during the festival, to which schools in the Borders are invited to send their pupils by bus to listen to talks by leading children's authors. In 2011 more than local 1,400 schoolchildren attended the Schools Gala Day.

Our annual festivals are of major regional benefit - culturally, educationally and economically. They thus enjoy the strong financial support of local and national public sector bodies including the Scottish Borders Council, Creative Scotland and EventScotland.

Private sector sponsors and partners are also very important to us. In particular Brewin Dolphin, one of the UK's largest private client stockbrokers and investment managers, chose in 2010 to become the festival's title sponsors, and 2011 was thus the second year of the Brewin Dolphin Borders Book Festival. This is key multi-year support from a household-name sponsor.

2011 was also the second year of the Walter Scott Prize for historical fiction, most generously funded by the Duke and Duchess of Buccleuch. This £25,000 prize, for a historical novel recently published in the UK, is one of the world's largest of its genre, attracting a very strong list of entrants and much media interest. The 2011 Walter Scott Prize award ceremony in the Festival Marquee, in which all the short-listed authors were invited to participate, was one of the festival's outstanding events.

Local businesses, too, clearly appreciate the substantial benefit of expenditure by visitors to Melrose and the vicinity during the festival, and many area companies have joined us as festival sponsors and supporters.

Of the two non-profit-oriented Borders Book Festival sub-projects, only Bookfestival Scotland (BFS) continued to be operational in the year under review, BFS received additional grant funding from Creative Scotland to help with the costs of promotional, training and advisory services it makes available - with considerable success - to all the book festivals in Scotland. Book Nation (BN), which had been launched in 2010 to provide an easily - accessible network of speakers for one-off literary events throughout the country, completed its initial one-year trial period and was terminated.

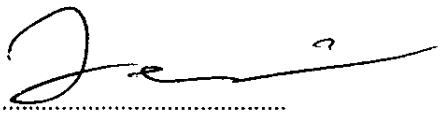
The Brewin Dolphin Borders Book Festivals are now acknowledged as among Scotland's leading annual literary gatherings. The board considers that the company is achieving its cultural and educational objectives as a registered charity.

FINANCIAL REVIEW

As per the financial statements, the company's overall net income in the year under review amounted to £7,500. However, this included extraordinary revenue received in 2011 in the form of retrospective grant money of £7,819 for Book Nation, a sub-project which had been discontinued. On its normal ongoing operations, the company thus incurred a small net loss for the year of £318.

Income related to the June 2011 festival itself (Friends subscriptions, grants, ticket and book sales, and sponsorships) held up well. However as in previous years, almost all the costs of putting on the festival also rose. This was particularly the case with purchases of festival equipment and services, writers' fees and expenses, staff wages and self-employed contractor's fees. The small deficit of £318 is a reflection of the company's tight budgeting and financial controls. It also underlines the fact that presenting high-quality annual literary festivals in the Scottish Borders, even with valuable commercial sponsorship, would not be feasible without significant public sector grant support as well.

ON BEHALF OF THE BOARD:



F de C Hamilton - Trustee

Date: 27/11/2012

Independent Examiner's Report to the Trustees of
Borders Book Festival

I report on the accounts for the year ended 28 February 2012 set out on pages six to twelve.

Respective responsibilities of trustees and examiner
The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report
My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

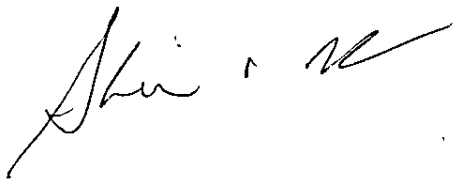
Independent examiner's statement
In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that, in any material respect, the requirements

- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
- to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulations

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Sheila Robertson
Chartered Accountant (ICAS)
Gall Robertson CA
Tweedside Park
Tweedbank
Galashiels
Selkirkshire
TD1 3TE

Date: 27/11/12

Borders Book Festival

Statement of Financial Activities
for the Year Ended 28 February 2012

	Notes	Unrestricted funds £	Restricted funds £	28.2.12 Total funds £	28.2.11 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	49,672	42,936	92,608	130,600
Activities for generating funds	3	153,160	284	153,444	155,609
Investment income	4	51	1	52	17
Total incoming resources		202,883	43,221	246,104	286,226
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising trading: cost of goods sold and other costs	5	190,890	40,386	231,276	275,727
Governance costs		1,690	-	1,690	2,474
Other resources expended		5,638	-	5,638	6,530
Total resources expended		198,218	40,386	238,604	284,731
NET INCOMING RESOURCES before transfers		4,665	2,835	7,500	1,495
Gross transfers between funds	10	255	(255)	-	-
Net incoming/(outgoing) resources		4,920	2,580	7,500	1,495
RECONCILIATION OF FUNDS					
Total funds brought forward		12,326	(5,264)	7,062	5,567
TOTAL FUNDS CARRIED FORWARD		17,246	(2,684)	14,562	7,062

The notes form part of these financial statements

Borders Book Festival

Balance Sheet
At 28 February 2012

	Notes	Unrestricted funds £	Restricted funds £	28.2.12 Total funds £	28.2.11 Total funds £
CURRENT ASSETS					
Debtors	8	36,215	7,820	44,035	38,380
Cash at bank		18,816	1,910	20,726	1,651
		55,031	9,730	64,761	40,031
CREDITORS					
Amounts falling due within one year	9	(37,785)	(12,414)	(50,199)	(32,969)
NET CURRENT ASSETS/(LIABILITIES)		17,246	(2,684)	14,562	7,062
TOTAL ASSETS LESS CURRENT LIABILITIES		17,246	(2,684)	14,562	7,062
NET ASSETS/(LIABILITIES)		17,246	(2,684)	14,562	7,062
FUNDS	10				
Unrestricted funds				17,246	12,326
Restricted funds				(2,684)	(5,264)
TOTAL FUNDS				14,562	7,062

The notes form part of these financial statements

continued...

Balance Sheet - continued
At 28 February 2012

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28 February 2012.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 28 February 2012 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

(a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and

(b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 27/11/2012 and were signed on its behalf by:

.....
F de C Hamilton -Trustee

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 28 February 2012

1. ACCOUNTING POLICIES

Accounting convention
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 Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Exemption from preparing a cash flow statement
Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small charitable company.

Incoming resources
All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended
Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Taxation
The charity is exempt from corporation tax on its charitable activities.

Fund accounting
Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. VOLUNTARY INCOME

	28.2.12	28.2.11
	£	£
Subscriptions	3,671	3,107
Grants	88,937	127,493
	92,608	130,600

3. ACTIVITIES FOR GENERATING FUNDS

	28.2.12	28.2.11
	£	£
Ticket and book sales	119,124	120,184
Sponsorships	34,320	30,422
Event dinner	-	5,003
	153,444	155,609

4. INVESTMENT INCOME

	28.2.12	28.2.11
	£	£
Refund of tax	40	-
Interest receivable - trading	12	17
	52	17

5. FUNDRAISING TRADING: COST OF GOODS SOLD AND OTHER COSTS

	28.2.12	28.2.11
	£	£
Purchases	52,232	39,419
Staff costs	11,325	9,941
Advertising and printing	57,794	55,688
Office expenses	11,465	35,928
Consultancy fees	68,831	106,888
Writer fees and expenses	25,335	19,710
Support costs	4,294	8,153
	231,276	275,727

6. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 28 February 2012 nor for the year ended 28 February 2011.

Trustees' Expenses
There were no trustees' expenses paid for the year ended 28 February 2012 nor for the year ended 28 February 2011.

7. STAFF COSTS

	28.2.12	28.2.11
	£	£
Wages and salaries	11,325	9,933
Social security costs	-	8
	11,325	9,941

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

	28.2.12	28.2.11
Festival staff	37	33

This is the average monthly numbers of employees (including the trustees) during the year, calculated on the basis of full time equivalents.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.12	28.2.11
	£	£
Trade debtors	13,590	2,520
Amounts owed by participating interests	20,587	21,986
Other debtors	9,858	13,874
	44,035	38,380

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.12	28.2.11
	£	£
Bank loans and overdrafts	-	570
Trade creditors	3,671	4,281
Other creditors	46,528	28,118
	50,199	32,969

10. MOVEMENT IN FUNDS

	At 1.3.11	Net movement in funds	Transfers between funds	At 28.2.12
	£	£	£	£
Unrestricted funds				
General fund	12,326	4,665	255	17,246
Restricted funds				
Book Nation	-	7,814	(7,814)	-
BookFestival Scotland	(5,264)	(4,979)	7,559	(2,684)
	(5,264)	2,835	(255)	(2,684)
TOTAL FUNDS	7,062	7,500	-	14,562

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	202,883	(198,218)	4,665
Restricted funds			
Book Nation	28,221	(20,407)	7,814
BookFestival Scotland	15,000	(19,979)	(4,979)
	43,221	(40,386)	2,835
TOTAL FUNDS	246,104	(238,604)	7,500

11. RELATED PARTY DISCLOSURES

During the year under review the board of the company approved payments to two directors (£23,105 to Mr Alistair Moffat and £9,595 to Mrs Paula Ogilvie) as part compensation for their skills and experience in the field of literary festivals. These payments took the form of fees to self-employed individuals, not wages. Mr Moffat and Mrs Ogilvie are neither paid nor salaried for their directorships.

Similarly, for their work on 2011 Book Festival, one-off wages of £300 were paid to Miss Beth Moffat and £225 to Miss Helen Moffat (daughters of Mr Alistair Moffat). £412.50 was paid to Mr Gavin Ogilvie and £375 to Mr Andrew Ogilvie (sons of Mrs Paula Ogilvie) and £300 to Mr David Ogilvie (husband of Mrs Paula Ogilvie).

Detailed Statement of Financial Activities for the Year Ended 28 February 2012

	28.2.12 £	28.2.11 £
INCOMING RESOURCES		
Voluntary income		
Subscriptions	3,671	3,107
Grants	88,937	127,493
	92,608	130,600
Activities for generating funds		
Ticket and book sales	119,124	120,184
Sponsorships	34,320	30,422
Event dinner	-	5,003
	153,444	155,609
Investment income		
Refund of tax	40	-
Interest receivable - trading	12	17
	52	17
Total incoming resources	246,104	286,226
RESOURCES EXPENDED		
Fundraising trading: cost of goods sold and other costs		
Book purchases	18,696	39,419
Event costs	33,536	-
Wages	11,325	9,933
Social security	-	8
Advertising and printing	57,794	55,688
Office expenses	11,465	35,928
Consultancy fees	68,831	106,888
Writer fees and expenses	25,335	19,710
	226,982	267,574
Governance costs		
Accountancy fees	1,655	2,310
Subscriptions	35	164
	1,690	2,474
Support costs		
Finance		
Bank charges	4,257	8,153
Other		
Rent	3,319	3,715
Insurance	1,715	1,540
Repairs and maintenance	641	1,275
	5,675	6,530

Borders Book Festival

Detailed Statement of Financial Activities
for the Year Ended 28 February 2012

	28.2.12 £	28.2.11 £
Total resources expended	238,604	284,731
Net income	7,500	1,495