

THE WIGTOWN FESTIVAL COMPANY
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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THE WIGTOWN FESTIVAL COMPANY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The Trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

Mission

Our mission is to produce the UK's most vibrant book festival and develop the literary and cultural wealth of Scotland National Book Town and its region. In doing so, we will also deliver social and economic benefits for the people of our region.

Vision

Our vision is that a prosperous and confident Wigtown will be nationally and internationally renowned for its annual book festival, and celebrated as a hub for literary and artistic activity and a destination for cultural tourism.

In pursuit of this vision, the charity holds the following values:

- A vibrant, original, intelligent and popular literary festival is the foundation on which our activities rest.
- We value literature and other art forms for their own sakes while seeking to maximise social and economic benefits they may bring.
- Our roots are in our local community and place: we will listen to and be responsive to those around us.
- The arts can transform young people's sense of what is possible: we will create opportunities for them to be involved as creators, organisers and audience.
- Volunteers are vital to our organisations: we will respect them and their skills and make volunteering as rewarding as possible.
- We respect the wealth of Dumfries & Galloway's creative talent and will seek partnerships with individuals and organisations.

The charity does not distribute grants.

THE WIGTOWN FESTIVAL COMPANY

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance

In 2019 Wigtown Festival Company hosted the 21st annual book festival, growing the audience to 29,588 and unique visitors to 13,775. The programme of 303 events for children, young people and adults generated an increase of 3.5% in box office receipts. An independent Economic Impact Assessment, conducted by Bellerby Economics, deemed the festival to be worth £4.2m to the region's economy.

Increased accessibility remained a core aim and achievements included the provision of StageTEXT live surtitles over two days of the adult programme, and multisensory storytelling and translation within the children's programme. Free tickets were offered to carers and the wageless.

Strong themes through the festival included the Lost Province, The Year of Indigenous Languages, This Farming Life, A Year of Conversation and a Bookspired film programme, producing a varied and diverse programme, attracting local, national and international press.

Our commitment to making the region a better place to be a reader and a writer was delivered through a varied annual programme including, but not limited to: Big DoG Children's Festival; Hooked young readers and writers day; A Day of Curiosity in partnership with the University of Glasgow Dumfries Campus; Wigtown Poetry Prize; adult and young writer mentoring; and a Writers' Gathering.

Support towards maintaining and developing Wigtown as Scotland's National Book Town included: Big Bang Weekend – a science lecture weekend; The Open Book - a bookshop holiday experience; and a programme in partnership with the Association of Wigtown Booksellers for World Book Day Month. A new project (titled SpotLit) funded through the Northern Periphery and Arctic Programme to support the development of literary tourism products and services within the region also began.

Commercial opportunities included: the continuation of The Kist (food, drink, art and craft events) during Spring, Autumn and Winter; and ongoing development of Number 11, our Book and Gift Shop at the company's premises in Wigtown. Visitor numbers have shown a positive increase year on year.

Financial review

The financial statements have been prepared in accordance with current statutory requirements and the charity's memorandum and articles of association.

The income of the charity for the year was £614,112 as compared to £621,617 the previous year. Overall the charity had a surplus of £61,114 (2019: £2,807), this includes a deficit on restricted funds of £4,414. The charity therefore made an unrestricted surplus of £65,528 in the year. The directors continue to explore ways of reducing costs in the future.

The charity is primarily funded by sponsorship, ticket sales, and grants from EventScotland, Dumfries & Galloway Council, Creative Scotland, Holywood Trust, Baillie Gifford and Kilgallioch Community Fund.

Under the requirements of charity law the trustees are obliged to define the charity's policy for holding reserves. The intention in establishing this reserves policy is to ensure the continuation of the charity's activities. The policy will enable the charity to meet its legal objectives, provide confidence to supporters and donors seeking to give financial support to a prudently controlled charity and to ensure that the reserves are at a level sufficient to discharge all the charity's obligations in the event that it should cease operations. A large proportion of the charity's reserves are held in bank accounts. It is the trustees considered opinion that in the event of the charity having to cease its operations there should be sufficient reserves available to allow the charity's obligations to be discharged. The reserves which the charity is required to maintain are those needed to fund ongoing monthly costs and further development. To this end the trustees have decided that the charity should seek to have unrestricted reserves which are not invested in fixed assets (free reserves) of a sum equal to not less than £60,000.

The general fund represents the unrestricted funds available from past operating results. At present the free reserves, which amount to £78,059 are below the level required to operate in the event of a significant drop in funding. The directors are considering ways to continue to improve the position, and may look at increasing the reserves policy in the future.

THE WIGTOWN FESTIVAL COMPANY

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Under the memorandum and articles of association, the charity has the power to make any investments which the trustees see fit.

The Trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

Future Plans

In 2020 Wigtown Book Festival celebrates its 22nd anniversary with a 10-day programme for adults, children and young people. In May 2020, the Board of Wigtown Festival Company agreed this would be a digital programme due to the ongoing impact of COVID-19.

Over the year, the company plans to develop its digital offering to bring podcasts, long reads and regular streamed literary events to provide entertainment to audiences during lockdown, while continually reviewing the possibility of small-scale, public events on the basis of government guidelines.

A digital programme is expected to increase accessibility for audiences in the UK and abroad, with the intention to continue to offer surtitles for the hard of hearing, translation events and multisensory events for children with severe and complex learning difficulties. Primarily, a programme of digital events will continue to promote Wigtown and the region to encourage visitors to travel when rules allow.

The company will continue its programme of writer and reader development through some of the aforementioned digital events plus mentoring, Wigtown Poetry Prize, and a specific commission around the Year of Coasts and Waters. We will aspire to keep Wigtown as Scotland's National Book Town in the public eye by developing new ideas such as Book Bonds and a Book Kist, as well as programmes for Book Week Scotland and Big Bang, digitally or in person.

The Northern Periphery and Arctic Programme, SpotLit, focusing on developing new literary tourism opportunities will be ongoing.

THE WIGTOWN FESTIVAL COMPANY

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Structure, governance and management

The Wigtown Festival Company is a company limited by guarantee and a Scottish charity governed by its memorandum and articles of association. Charity number: SC037984. Company number: SC317495. The liability of each of its members being limited to £1 each.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs A McDowall

Mr G F Moore (Resigned 6 February 2020)

Mrs J Y Cochrane (Resigned 6 February 2020)

Ms A H Brown

Mr I C C Ribbens (Resigned 6 February 2020)

Mrs C Wilson

Mr M H McCreath

Mr E Hocknell

Prof M Smith

Mr S A Leslie

Ms P K Cochrane

Miss R A Anderson (Resigned 29 August 2019)

Mrs M Gill

Ms B Cochrane

Dr N P Walker (Appointed 6 February 2020)

Ms S C Nyland (Appointed 18 February 2020)

Ms N Wood (Appointed 6 February 2020)

Mr Roger Davis (Appointed 6 February 2020)

The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. As set out in the Articles of Association, the chairman of the trustees is nominated by the trustees, who are elected annually by the members of the charity attending the Annual General Meeting and serve a term of 3 years retiring by rotation.

The charity's strategy and objectives are set and reviewed by the trustees. The trustees have delegated the day to day management of the charity to the Operational Director. The trustees are appointed by the members. Their induction is handled by selected trustees and involves discussions in respect of the current and future activities of the charity and a review of the accounts and minutes of meetings.

THE WIGTOWN FESTIVAL COMPANY

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of Trustees' responsibilities

The Trustees, who are also the directors of The Wigtown Festival Company for the purpose 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

In accordance with the company's articles, a resolution proposing that Carson & Trotter be reappointed as auditor of the company will be put at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

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Prof M Smith

Trustee

Dated:

THE WIGTOWN FESTIVAL COMPANY

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE WIGTOWN FESTIVAL COMPANY

Opinion

We have audited the financial statements of The Wigtown Festival Company (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, 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 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 the financial statements section of our report. We are independent of the charity 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 charity'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.

THE WIGTOWN FESTIVAL COMPANY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE WIGTOWN FESTIVAL COMPANY

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose 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 charity'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 report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE WIGTOWN FESTIVAL COMPANY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE WIGTOWN FESTIVAL COMPANY

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Roderick Williamson BA CA (Senior Statutory Auditor)
for and on behalf of Carson & Trotter

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Chartered Accountants
Statutory Auditor

Chartered Accountants
123 Irish Street
Dumfries
DG1 2PE

Carson & Trotter is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006

THE WIGTOWN FESTIVAL COMPANY**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2020**

		Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
	Notes						
Income from:							
Donations and legacies	2	69,682	273,132	342,814	35,317	261,493	296,810
Income from charitable activities	3	202,056	-	202,056	238,327	-	238,327
Other trading activities	4	69,219	-	69,219	86,470	-	86,470
Investments	5	23	-	23	10	-	10
Total income		<u>340,980</u>	<u>273,132</u>	<u>614,112</u>	<u>360,124</u>	<u>261,493</u>	<u>621,617</u>
Expenditure on:							
Raising funds	6	32,022	-	32,022	46,002	-	46,002
Expenditure on charitable activities	7	243,430	277,546	520,976	323,986	248,822	572,808
Total resources expended		<u>275,452</u>	<u>277,546</u>	<u>552,998</u>	<u>369,988</u>	<u>248,822</u>	<u>618,810</u>
Net income/(expenditure) for the year/							
Net movement in funds		65,528	(4,414)	61,114	(9,864)	12,671	2,807
Fund balances at 1 April 2019		<u>16,445</u>	<u>36,671</u>	<u>53,116</u>	<u>26,309</u>	<u>24,000</u>	<u>50,309</u>
Fund balances at 31 March 2020		<u><u>81,973</u></u>	<u><u>32,257</u></u>	<u><u>114,230</u></u>	<u><u>16,445</u></u>	<u><u>36,671</u></u>	<u><u>53,116</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE WIGTOWN FESTIVAL COMPANY**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21		52,173		(1,543)
Investing activities					
Purchase of tangible fixed assets		-		(1,921)	
Interest received		23		10	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) investing activities			23		(1,911)
Financing activities					
Repayment of borrowings		(17,480)		(6,920)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(17,480)		(6,920)
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			34,716		(10,374)
Cash and cash equivalents at beginning of year			25,873		36,247
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>60,589</u>		<u>25,873</u>

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Charity information

The Wigtown Festival Company is a private company limited by guarantee incorporated in Scotland. The registered office is 11 North Main Street, Wigtown, Newton Stewart, DG8 9HN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Where there are terms or conditions attached to grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.5 Expenditure

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% on reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Items held for distribution at no or nominal consideration are measured the lower of replacement cost and cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

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.

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)*****FOR THE YEAR ENDED 31 MARCH 2020*****2 Donations and legacies**

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Donations and gifts	69,682	15,000	84,682	35,317	-	35,317
Grants	-	258,132	258,132	-	261,493	261,493
	<u>69,682</u>	<u>273,132</u>	<u>342,814</u>	<u>35,317</u>	<u>261,493</u>	<u>296,810</u>

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****2 Donations and legacies****(Continued)**

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Grants receivable for core activities						
Event Scotland	-	15,000	15,000	-	15,000	15,000
D&G Council - Strategic Events Fund	-	36,000	36,000	-	32,000	32,000
Creative Scotland Regular Funding	-	86,000	86,000	-	86,000	86,000
Hollywood Trust	-	25,500	25,500	-	30,000	30,000
LEADER Programme - Cultural Tourism	-	-	-	-	19,671	19,671
The Robertson Trust	-	5,000	5,000	-	-	-
Kilgallioch Community Fund	-	20,000	20,000	-	-	-
Castansa Trust	-	4,000	4,000	-	4,000	4,000
National Heritage Fund - Year of Young People	-	-	-	-	5,700	5,700
Baillie Gifford	-	33,000	33,000	-	33,000	33,000
Youthlink Cashback for Creativity	-	-	-	-	6,706	6,706
The Scottish Government Section 10 Funding	-	-	-	-	9,270	9,270
Company (ANCBC)	-	-	-	-	1,325	1,325
Northern Periphery And Arctic Programme (NPA)	-	20,632	20,632	-	8,821	8,821
Scottish Southern Electric (SSE)	-	-	-	-	10,000	10,000
Creative Scotland Galic Development	-	8,000	8,000	-	-	-
D&G Council Education Programme	-	5,000	5,000	-	-	-
	-	258,132	258,132	-	261,493	261,493

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****3 Income from charitable activities**

	Running of Festival 2020 £	Year round activity 2020 £	Total 2020 £	Running of Festival 2019 £	Year round activity 2019 £	Total 2019 £
Festival income	176,222	-	176,222	204,934	-	204,934
Charitable rental income	1,535	-	1,535	846	-	846
Open book income	-	13,570	13,570	-	16,374	16,374
Other charitable income	2,376	8,353	10,729	-	16,173	16,173
	<u>180,133</u>	<u>21,923</u>	<u>202,056</u>	<u>205,780</u>	<u>32,547</u>	<u>238,327</u>

Charitable trading income

Charitable trading income from the delivering of the festival is as detailed below:

	2020	2019
Sponsorship	7,551	10,174
Ticket sales	136,391	138,961
Book sales	30,285	52,255
Programme advertising	1,450	1,570
Festival merchandise etc	545	1,974

Other charitable income

Charitable trading income from the delivering of year round activities is as detailed below:

	2020	2019
Ticket Sales	3,216	5,848
Poetry Competition entry fee	3,887	3,552
Poetry Competition sponsors	1,250	1,300
Festival of Light	-	5,473

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****4 Other trading activities**

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Trading income	18,503	12,576
Fundraising events	8,011	19,521
Shop income	42,705	54,373
	<u> </u>	<u> </u>
Other trading activities	69,219	86,470
	<u> </u>	<u> </u>

5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Interest receivable	23	10
	<u> </u>	<u> </u>

6 Raising funds

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
<u>Fundraising and publicity</u>		
Staging fundraising events	1,018	2,665
	<u> </u>	<u> </u>
<u>Trading costs</u>		
Costs of trading income	31,004	43,337
	<u> </u>	<u> </u>
	<u>32,022</u>	<u>46,002</u>

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****7 Expenditure on charitable activities**

	Running of festival 2020 £	Year round activity 2020 £	Total 2020 £	Running of festival 2019 £	Year round activity 2019 £	Total 2019 £
Staff costs	43,602	48,000	91,602	88,171	1,317	89,488
Bookshop expenses	15,241	-	15,241	32,646	-	32,646
Writers fees	33,155	-	33,155	35,396	-	35,396
Writers travel & subsistence	46,934	-	46,934	69,255	-	69,255
Staff & volunteer travel & expenses	7,069	-	7,069	5,567	-	5,567
Advertising & promotion	34,760	-	34,760	46,013	-	46,013
Sundry event costs	119,099	49,497	168,596	102,663	100,383	203,046
Consultancy fees	40,510	-	40,510	32,165	-	32,165
Bad debt write off	6,847	-	6,847	955	-	955
Open book costs	-	-	-	-	1,275	1,275
Legal & professional	3,450	-	3,450	-	-	-
	<u>350,667</u>	<u>97,497</u>	<u>448,164</u>	<u>412,831</u>	<u>102,975</u>	<u>515,806</u>
Share of support costs (see note 8)	60,714	6,778	67,492	46,277	5,160	51,437
Share of governance costs (see note 8)	5,320	-	5,320	5,565	-	5,565
	<u>416,701</u>	<u>104,275</u>	<u>520,976</u>	<u>464,673</u>	<u>108,135</u>	<u>572,808</u>
Analysis by fund						
Unrestricted funds	191,380	52,050	243,430	251,927	72,059	323,986
Restricted funds	225,321	52,225	277,546	212,746	36,076	248,822
	<u>416,701</u>	<u>104,275</u>	<u>520,976</u>	<u>464,673</u>	<u>108,135</u>	<u>572,808</u>

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****8 Support costs**

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	13,452	-	13,452	6,684	-	6,684
Depreciation	979	-	979	1,510	-	1,510
Rent	11,205	-	11,205	11,202	-	11,202
Bookkeeping	6,381	-	6,381	7,046	-	7,046
Telephone	2,786	-	2,786	2,470	-	2,470
Postage & stationery	3,267	-	3,267	4,545	-	4,545
Office costs	4,911	-	4,911	5,205	-	5,205
General insurance	2,046	-	2,046	1,984	-	1,984
Bank charges	11,017	-	11,017	6,133	-	6,133
Electricity	6,980	-	6,980	4,443	-	4,443
Repairs & maintenance	4,468	-	4,468	215	-	215
Audit fees	-	3,000	3,000	-	3,000	3,000
Accountancy	-	2,320	2,320	-	2,565	2,565
	<u>67,492</u>	<u>5,320</u>	<u>72,812</u>	<u>51,437</u>	<u>5,565</u>	<u>57,002</u>
Analysed between						
Charitable activities	<u>67,492</u>	<u>5,320</u>	<u>72,812</u>	<u>51,437</u>	<u>5,565</u>	<u>57,002</u>

Governance costs includes payments to the auditors of £3,000 (2019- £3,000) for audit fees.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

The Trustees did not have any expenses reimbursed during the year or the previous year.

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****10 Employees****Number of employees**

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Charitable activities & admin	8	6

Employment costs

	2020	2019
	£	£
Wages and salaries	96,208	90,148
Social security costs	5,541	4,364
Other pension costs	3,305	1,660
	<u>105,054</u>	<u>96,172</u>

There were no employees whose annual remuneration was £60,000 or more.

11 Tangible fixed assets

	Plant and equipment
	£
Cost	
At 1 April 2019	16,968
At 31 March 2020	<u>16,968</u>
Depreciation and impairment	
At 1 April 2019	12,075
Depreciation charged in the year	979
At 31 March 2020	<u>13,054</u>
Carrying amount	
At 31 March 2020	<u>3,914</u>
At 31 March 2019	<u>4,893</u>

12 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	<u>15,286</u>	<u>15,640</u>

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****13 Debtors**

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	1,283	2,239
Other debtors	46,182	54,274
	<u>47,465</u>	<u>56,513</u>
	<u><u>47,465</u></u>	<u><u>56,513</u></u>

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Borrowings	-	17,480
Other taxation and social security	3,383	4,753
Trade creditors	-	22,770
Accruals and deferred income	9,641	4,800
	<u>13,024</u>	<u>49,803</u>
	<u><u>13,024</u></u>	<u><u>49,803</u></u>

15 Retirement benefit schemes**Defined contribution schemes**

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £3,305 (2019: £1,660)

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****16 Restricted funds**

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds			Balance at 31 March 2020 £
	Balance at 1 April 2018 £	Incoming resources £	Resources expended £	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	
The Scottish Government Section 10 Funding	-	9,270	(9,270)	-	-	-	-
Creative Scotland Regular Funding	-	86,000	(86,000)	-	86,000	(86,000)	-
Event Scotland	-	15,000	(15,000)	-	15,000	(12,160)	2,840
The Robertson Trust	-	-	-	-	5,000	(2,883)	2,117
Kilgallioch Community Fund	-	-	-	-	20,000	(20,000)	-
Hollywood Trust	-	30,000	(30,000)	-	25,500	(25,500)	-
LEADER Programme - Cultural Tourism	-	19,671	(19,671)	-	-	-	-
Creative Scotland - Gaelic	-	-	-	-	8,000	(8,000)	-
D&G Council - Strategic Events Fund	-	32,000	(32,000)	-	36,000	(36,000)	-
Baillie Gifford	24,000	33,000	(37,000)	20,000	33,000	(33,000)	20,000
The Castansa Trust	-	4,000	(4,000)	-	4,000	(4,000)	-
National Heritage Fund - Year of Young People	-	5,700	(3,200)	2,500	-	(2,500)	-
Youthlink Cashback for Creativity	-	6,706	(1,356)	5,350	-	(5,350)	-
Annandale and Nithsdale Community Benefit Company (ANCBC)	-	1,325	(1,325)	-	-	-	-
Northern Periphery and Arctic Programme (NPA)	-	8,821	-	8,821	20,632	(29,453)	-
Scottish Southern Electric (SSE)	-	10,000	(10,000)	-	-	-	-
Poetry Competition	-	-	-	-	15,000	(7,670)	7,330
D&G Council Education Programme	-	-	-	-	5,000	(5,030)	(30)
	<u>24,000</u>	<u>261,493</u>	<u>(248,822)</u>	<u>36,671</u>	<u>273,132</u>	<u>(277,546)</u>	<u>32,257</u>

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Restricted funds

(Continued)

Creative Scotland Regular Funding

Wigtown Festival Company is a Regularly Funded Organisation and as such receives funding to support the delivery of the company's business plan, aims and ambitions. These include delivery of the annual Wigtown Book Festival and year-round writer and audience development programmes.

Event Scotland

Funding to support 2019 Economic Impact Assessment of Wigtown Book Festival 2019, international development plan, international media, marketing and web content, video content and international familiarisation visits.

Robertson Trust

To support Give Voice programme in care homes and Prison Programme at HMP Dumfries.

Kilgallioch Community Fund (administered by Foundation Scotland)

To contribute to the costs of Wigtown Book Festival 2019.

Hollywood Trust

Funding to support new Young People's Assistant post and delivery of young adult programme, including training of young adult team and delivery of Wigtown Book Festival programme.

LEADER Programme - Cultural Tourism

Developing the literary and cultural wealth of Scotland's National Book Town. (Project reporting ongoing until October 2020).

Creative Scotland - Gaelic

Funding to develop a bespoke indigenous Gaelic language programme at Wigtown Book Festival 2019.

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Restricted funds

(Continued)

D&G Council - Strategic Events Fund

Support towards staffing costs, extended marketing, programming of strand around This Farming Life theme, overheads and the autumn mailout for Wigtown Book Festival 2019.

Baillie Gifford

Funding to support the delivery of literary activity for children and young people, including: Big DoG children's festival in Dumfries; Hooked young readers and writers day; Big Wig children's programme at Wigtown Book Festival; and the Education Programme for school pupils in Dumfries & Galloway.

The Castansa Trust

Contribution to support the provision of Stagertext (live surtitles) at Wigtown Book Festival to increase accessibility for hard of hearing..

Heritage Lottery Fund - Year of Young People

To support the development of four year-round panel discussions on topics relevant to young people living in Dumfries & Galloway.

Youthlink Cashback for Creativity

To support the development of a multi-artform project for young people to be held in Dumfries and exhibited at Wigtown Book Festival and Big DoG Children's Festival.

Annandale and Nithsdale Community Benefit Company (ANCBC)

To support the delivery of Hooked – young readers and writers day – in Dumfries (30 March 2019).

THE WIGTOWN FESTIVAL COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Restricted funds

(Continued)

Northern Periphery and Arctic Programme (NPA)

To work with European partners to develop and deliver a new literary tourism programme, specifically supporting SMEs to develop new literary tourism products and services in Dumfries & Galloway. This is a three year programme 2018-2021.

Scottish Southern Electric (SSE)

To support the development and delivery of Big DoG – Dumfries Children’s Festival, March 2019. (Funding received 2019-20, after delivery).

Poetry Competition

Funds to develop Wigtown's annual Poetry Prize to increase entries.

D&G Council – Education Programme

Contribution towards Wigtown Education Programme, bringing school children to Wigtown to experience the festival, and taking speakers to more remote/smaller regional schools.

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****17 Analysis of net assets between funds**

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Fund balances at 31 March 2020 are represented by:						
Tangible assets	3,914	-	3,914	4,893	-	4,893
Current assets/ (liabilities)	78,059	32,257	110,316	11,552	36,671	48,223
	<u>81,973</u>	<u>32,257</u>	<u>114,230</u>	<u>16,445</u>	<u>36,671</u>	<u>53,116</u>

18 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	13,344	13,344
Between two and five years	15,282	28,626
	<u>28,626</u>	<u>41,970</u>

19 Company status

The company does not have a share capital. It is limited by guarantee by the terms the Companies Act 2006.

20 Related party transactions

George Moore, who is a director of the company, ran the festival bookshop for the 2018 & 2019 festivals. He has pledged that all funds from the bookshop are to be passed to Wigtown Festival Company. For this reason the bookshop income and expenditure have been included in the financial statements.

Included within creditors falling due within one year is a loan from Mr M. H. McCreath, a Trustee in The Wigtown Festival Company. The amount outstanding at the year end on this loan was £NIL (2019: £17,480). The loan is interest free and repayable on demand.

The Trustees donated a total of £20,050 (2019: £13,650) to the Charity during the year.

THE WIGTOWN FESTIVAL COMPANY**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020**

21	Cash generated from operations		2020	2019
			£	£
	Surplus for the year		61,114	2,807
	Adjustments for:			
	Investment income recognised in statement of financial activities		(23)	(10)
	(Gain)/loss on disposal of tangible fixed assets		-	288
	Depreciation and impairment of tangible fixed assets		979	1,222
	Movements in working capital:			
	Decrease/(increase) in stocks		354	(1,895)
	Decrease/(increase) in debtors		9,048	(26,007)
	(Decrease)/increase in creditors		(19,299)	22,052
	Cash generated from/(absorbed by) operations		52,173	(1,543)
22	Analysis of changes in net funds			
		At 1 April 2019	Cash flows	At 31 March 2020
		£	£	£
	Cash at bank and in hand	25,873	34,716	60,589
	Loans falling due within one year	(17,480)	17,480	-
		<u>8,393</u>	<u>52,196</u>	<u>60,589</u>
		<u><u>8,393</u></u>	<u><u>52,196</u></u>	<u><u>60,589</u></u>