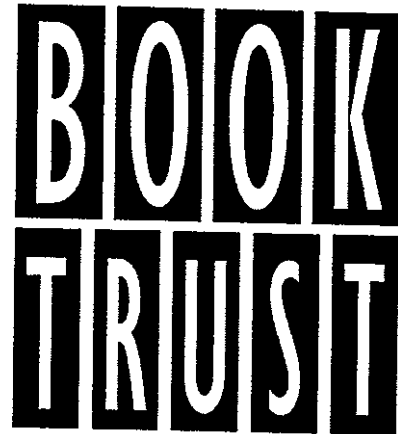


ANNUAL REPORT

and financial statements year ended 31 March 1998



ARTS COUNCIL FUNDED

Company Limited by Guarantee
Registration Number: 210012
Registered Charity Number: 313343

ANNUAL REPORT
Year ended 31 March 1998

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BOOK TRUST

PATRON

HRH The Prince Philip, Duke of Edinburgh KG, KT, OM, GBE, AC, QSO

PRESIDENT

Doris Lessing

VICE PRESIDENT

Rayner Unwin CBE

BOARD DIRECTORS

Eric Bolton, CB	-	Chairman
Richard Hoggart	-	Deputy Chairman
Eric de Bellaigue	-	Honorary Treasurer
Roderick Watson	-	Chairman, Book Trust Scotland
Jane Carr		
Elizabeth Attenborough		
Brian Cox, CBE		
Martyn Goff, OBE		
Lord Hattersley		
Ben Hooberman		
Michael Marland, CBE		
Michael Turner		

OBSERVERS

Clarissa Luard	-	Arts Council
Dr Alastair Niven	-	British Council

BANKERS

Coutts & Co, St Martin's Office, 440 Strand, London WC2R OQS
Bank of Scotland, Park House, Park Circus Place, Glasgow G3 6AN

SOLICITORS

Osborne Clarke, 6-9 Middle Street, London, EC1A 7JA

AUDITORS

Kidsons Impey, Spectrum House, 20-26 Cursitor Street, London EC4A 1HY

BOOK TRUST CHAIRMAN'S REPORT

My first year as Chairman has been an eventful one for Book Trust. Much of what made it so will be reported on in some detail by the Director, but I want to concentrate on three issues.

First, I want to welcome formally the formation of Scottish Book Trust. I am delighted that together we have resolved a potentially divisive and contentious matter so reasonably and amicably. I wish Scottish Book Trust well, and look forward to a future when our two, independent, bodies' working relationships are characterised by open and constructive sharing of information and expertise, and, where appropriate, collaborative effort.

Second, I want personally, and on behalf of the Board, to thank and congratulate the Director and Alex Strick and all involved in the successful, onward march of Bookstart. As will become clear, Bookstart is to benefit from a large infusion of money from a major national sponsor, Sainsbury's. That is exciting and wonderful news, and it means a lot more hard work for those involved. We are all excited about that, but we must not forget the historical and continuing contribution to Bookstart's success of committed, key individuals at Book House; in Birmingham; in all the current Bookstart schemes across the country, and of its current funders, The Basic Skills Agency, The Roald Dahl Foundation and The Unwin Charitable Trust.

Third, our own experience and analysis, and the appraisal by the Arts Council, reveal how the worlds to which Book Trust relates, and the kinds of work it is called upon, and expected to do, have changed, and continue to do so. Essentially, to survive and prosper, and to continue our central task, namely, to speak out for "the book" in all its richness and variety, we too need to change. We need to be more confident and competent in providing our services to all who want and could use them, and we must also continue, and enhance, our capacity to attract sponsorship for particular activities and projects. We must not continue to hide our light under a bushel, but we must be capable of meeting the demands that will arise from greater publicity. To resolve that dilemma as efficiently and effectively as we can we are undertaking a major review of Book Trust's organisation and management in the light of its current and future work and priorities. We are being helped in that by KPMG through their Community Brokering Scheme, to whom we are most grateful. That is only the beginning, and by this time next year I hope to be able to report that the reviews are over, and that Book Trust is well-placed to carry its messages about the value and wonders of books and reading forward into the 21st Century.

Finally, I want to express mine, and the Board's thanks to the Director and all the staff of Book Trust. They have done, and continue to do, a terrific job. They all contribute far more than a narrow reading of contracts requires, as I am sure will be implicit in the Director's report. Furthermore, they do it with such warmth and enthusiasm. We are hugely indebted to them all.

Eric Bolton

THE HONORARY TREASURER'S REPORT

In the year to March 31 1998 outgoing resources exceeded incoming resources by £9,978. This compared favourably with the deficit reported the previous year amounting to £26,581. It realised losses and unrealised gains on investments are taken into account, the 1997/98 deficit is reduced to £9,614, compared to one at £29,408 in 1996/97.

The London operations reported a deficit of £13,837 (before investment gains/losses), which represented a slight improvement on the previous year's deficit of £15,332. The Scottish operations achieved a surplus of £3,859, a favourable swing of £15,108 from the previous year's deficit.

Total incoming resources at £970,201 were over £270,000 ahead of a year earlier, an increase of 39%.

Within this total, the United Kingdom accounts showed a reduction of £22,000 in subscriptions and donations, more than offset by an advance of £166,000 in turnover. This reflected increased revenues from Book Information Service and Prizes, the latter enhanced by the special events connected with the 10th anniversary of the Commonwealth Writers Prize. There were substantial inflows for projects, notably Bookstart which received significant support during the year from the Basic Skills Agency, the Roald Dahl foundation and the Unwin Foundation.

In the Scottish accounts, incoming resources benefited from a doubling of grants received from the Scottish Arts Council, the increase being earmarked for the Writers in Scotland project.

The rise of £255,000 in total expenditure to £980,179 reflected the heightened activity levels throughout the year. This was also reflected in the Balance Sheet with total debtors up by £209,000 and creditors by £170,000. Cash and investments at £169,000 were some £38,000 down on a year earlier.

Eric de Bellaigue

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Eric de Bellaigue

BOOK TRUST REVIEW OF THE YEAR

Book Information Service

The year saw a consolidation of the new method of charging business users which was introduced in 1996. The service now takes over 100 calls from business users - the media, publishers and bookshops - who are charged per call rather than through the previous subscription system. This has enabled us to help a wider number of callers throughout the UK, and in turn help their readers and customers. The income generated from this service contributes to the cost of providing the free reader's helpline which we provide and to carry out research on behalf of authors and students, going some way to covering the cost of providing reference materials.

Rapid advances in technology, primarily in Internet access, has dramatically improved research and communication facilities within the service. Far from representing a threat to the printed book, new technology and the Internet have provided a new dimension to the book world, opening up endless commercial and information facilities through both online bookshops and library collections, as well as well-informed and useful web sites created by organisations involved in books and publishing throughout the world. E-mail is rapidly becoming as important as the telephone and fax machine, and enables us to communicate with people cheaply and quickly in minutes. Information previously only available to visitors to the world's great libraries is now available to users everywhere, and in turn we can retrieve information from collections such as the British Library and the Library of Congress, helping us to answer queries more quickly and efficiently.

The year also saw the publication of the final report into the collapse of the Net Book Agreement. The research team from Cranfield University found that the initial fears about price increases, failure in the independent book sector and the effects on authors, has so far not materialised. In fact research carried out by Book Trust's Information Service showed that after the phenomenal success of books by Nick Hornby and Helen Fielding, publishers are falling over themselves to sign up young first time novelists. While interest from publishers and others in the UK book trade was muted, Book Trust received extensive interest in the project from abroad, including visits by representatives of the governments of both Quebec and Japan, keen to examine the British experience of their own issues with resale price maintenance. Although the research could draw no firm conclusions about long term effects of the abolition of the NBA, it was an important and necessary piece of research which will provide a benchmark for researchers in the years to come.

Finally, we were pleased to have been involved in the Orange Reading Groups pack aimed at encouraging people to set up and run their own reading group to share thoughts and feelings about what they've read. Supported by Orange plc - sponsors of the Orange Prize for Fiction which is administered by our prizes department - and produced by Book Trust, NIACE (the national organisation for adult learning) and Waterstone's, we provided profiles of the titles shortlisted in the first two years of the Orange prizes as a starting point for discussions within new groups. It was an excellent example of co-operation between different departments here at Book Trust and working in partnership with other companies and agencies to complete a project which, through its huge popularity, was a clear indication that Book Trust gets people reading.

Young Book Trust

The 1997 National Children's Book Week (6-11 October) was a huge success, with more packs sold than in previous years and well over 3,000 schools and libraries participating. A special pack was created to encourage more book shops to take part in Book Week through window displays and retailing of YBT publications and this initiative proved successful.

A Children's Book Week launch was held at Book House, with local schoolchildren taking part in a range of activities, games and author workshops. Actor Terrence Hardiman (alias BBC TV's *The Demon Headmaster*) was among the special guests and actress Patricia Routledge launched Book Trust's Beatrix Potter study room.

A review was carried out of Young Book Trust's subscription service and various measures adopted to develop and expand it. These included adapting the Children's Book Week form to encourage more schools, libraries and bookshops to join the full YBT subscription service and therefore receive the Book Week pack and many other resources and publications automatically. This resulted in a total of over 150 (check!) new subscribers during summer 1997. The subscription service is now in a healthy state, with over 1700 organisations subscribing and the number steadily increasing.

Consideration was also given to the style and format of the range of YBT publications and a committee established to work on developing a house style and promotional opportunities. A 'new-look' *Children's Book Handbook* was produced and sent out to the 1500 YBT subscribers, with the revised format and expanded contents proving a great success. A new edition of *Looking for an Author?*, our ever-popular directory of authors and illustrators prepared to take part in book events, was also published in November.

The 1998 edition of *100 Best Books* was published in March and a special new promotional poster and counter pack created to encourage book shops to stock the publication. This publication's print-run is being increased each year to cater for the rapidly increasing demand. Various promotions have been arranged this year, including a display of the hundred books at the Barbican Library, with copies of the publication on sale to the public.

The library of children's literature at Book House is a unique resource of which we are extremely proud. It has been the venue for a number of events and received a wide variety of visitors during the year. Frequent visitors include publishers, booksellers, teachers, lecturers and researchers, parents, students and schoolchildren. The library database, a valuable resource in itself, now features over 26,500 annotated titles. It is used in the compilation of a vast range of highly-valued booklists and publications.

Bookstart, our books for babies campaign, is a project which has been gradually gathering momentum over the past years and has now reached an extremely exciting stage in its development. Initiated by Book Trust back in 1992, a pilot scheme in Birmingham set out to explore the benefits of introducing babies to books from a very early age. In 1997, with funding from the Basic Skills Agency, Book Trust developed a full set of national materials to support the development of many more Bookstart schemes and there are already over 50 schemes nationwide.

Bookstart is now set to be launched nationally this autumn with two-year corporate sponsorship and the aim of reaching every baby in the UK by the year 2000.

Literary Prizes

Book Trust currently administers nine literary prizes.

The Booker Prize

Established in 1969, the Booker Prize now worth £26,000 (£1,000 to each of the six shortlisted authors) is awarded to the author of the best full-length novel of the year. The 1997 winner was Arundhati Roy for her novel *The God of Small Things* (Flamingo). The ceremony was held at The Guildhall in London on 14 October. The judging panel was chaired by Professor of English, Gillian Beer, novelist, journalist and critic, Rachel Billington; *Times* journalist, Jason Cowley; Literary Editor of *The Independent on Sunday*, Jan Dalley; and Professor Emeritus in English, Dan Jacobson.

The 1998 judging panel is Lord Hurd of Westwell (Chair); Professor Valentine Cunningham, novelist and former Booker Prize winner Penelope Fitzgerald, Miriam Gross, Literary Editor of *The Sunday Telegraph* and Nigella Lawson, journalist, critic and author. The winner will be announced on Tuesday 27 October 1998.

BP Natural World Book Prize in association with *The Wildlife Trusts*

The winner of the BP Natural World Book Prize in association with The Wildlife Trusts (formerly the BP Conservation Book Prize and the Natural World Book Prize) was Graham Harvey for *The Killing of the Countryside* (Jonathan Cape) who was awarded £5,000 and a paperweight at the ceremony which was held at the Geographical Society in London, in December. The Judges were Linda Bennett (chair); Margaret Gilmore, Environment Correspondent for BBC News, Jane Paxman, BP, Keith Shackleton, wildlife artist and author and David Streeter from University of Sussex.

The Commonwealth Writers Prize

The Commonwealth Writers Prizes were awarded in Jamaica at the end of April. The eight regional winners, who each receive £1,000, were flown to Jamaica for a week of events culminating in the award ceremony. The winner in the best book category was Australian Peter Carey for *Jack Maggs* (University of Queensland Press - regional winner for the South East Asia and the South Pacific region. He received a cheque for £10,000 from the Jamaican Prime Minister, P. J. Patterson.

The best first book winner was Canadian Tim Wynveen for *Angel Falls* (Key Porter Books) - regional winner for the Caribbean and Canada region who received a cheque for £3,000 from Ambassador Don Mills.

As part of the unique tradition of this prize, Peter Carey will have an audience with Her Majesty the Queen in June.

The David Higham Prize for Fiction

The David Higham Prize for Fiction was awarded to Canadian author Ronald Wright for *A Scientific Romance* (Anchor) at a reception hosted by Anchor at the Canadian High

Commission in December. He received £1,000 from Louise Doughty, novelist and judge. Louise was joined on the judging panel by Mervyn Jones, biographer and novelist and Jonathan Keates, novelist and critic.

The Kurt Maschler Award

The winner of the Kurt Maschler Award, for a work of imagination for children in which text and illustration are integrated so that each enhances and balances the other, was William Mayne and illustrator Jonathan Heale for *Lady Muck* (Heinemann). The announcement was made in December at the Atrium Bookshop. Unfortunately William Mayne was unable to attend and his literary agent Jacqueline Korn received £500 and an "Emil" sculpted by Diana Welch on his behalf. Jonathan Heale also received £500 and an "Emil". The judges were Louis Baum, editor of *The Bookseller*, Chris Powling, teacher, children's writer, and Margaret Meek.

The Mail on Sunday/John Llewellyn Rhys Prize

The shortlist for the Mail on Sunday/John Llewellyn Rhys Prize for any work of literature by an author under 35 at publication is: William Dalrymple for *From the Holy Mountain* (HarperCollins), *Homesick* (Bloomsbury) by Tony Hanania, Tobias Hill for *Skin* (Faber and Faber), *Sea Monster Tattoo & Other Stories (Polygon)* by Ruth Thomas and Phil Whitaker for *Eclipse of the Sun* (Phoenix House). The winner will be announced at the Reform Club on June 4. The judges are Beryl Bainbridge, Russell Celyn Jones and Candida McWilliam.

The Orange Prize for Fiction

The Orange prize for fiction, for a woman of any nationality writing in English, was won by Canadian first time novelist and poet Anne Michaels for *Fugitive Pieces* (Bloomsbury). She was presented with a cheque for £30,000 and a bronze statue 'Bessie' (named after the anonymous donor) by Claire Bloom at the award ceremony held at One Whitehall Place, London in May.

The Saga Prize

The Saga Prize for an unpublished manuscript by a male or female with a black African ancestor was awarded to Judith Edwards for *Bernard and the Cloth Monkey*. Judith received £3,000 and her book will be published this Autumn by Flamingo.

The Nestlé Smarties Book Prize

The Nestlé Smarties Book Prize for fiction and poetry for children aged 0-11 in 3 age categories 5 and under, 6-8 and 9-11 were awarded at London Zoo in November. The adult judging panel were Julia Eccleshare (chair); Malorie Blackman, author; Marilyn Brocklehurst, bookseller; Philippa Perry, Books Editor, *Young Telegraph* and Nick Sharratt, author and illustrator picked the 3 shortlisted books in each of the age categories. Then 20 classes in each age group picked the gold, silver and bronze winners as follows:

Gold award winners (£2,500): 5 and under: Charlotte Voake for *Ginger* (Walker Books), 6-8: Jenny Nimmo, illustrator Anthony Lewis for *The Owl Tree* (Walker Books), 9-11: J K Rowling for *Harry Potter and the Philosopher's Stone* (Bloomsbury).

Silver award winners (£1,500): 5 and under: Simon James for *Leon and Bob* (Walker Books); 6-8: *The Little Reindeer* (Andersen Press) by Michael Foreman, 9-11: *CLOCKWORK Or All Wound Up* by Philip Pullman (Corgi Yearling).

Bronze award winners (£500): 5 and under: Valerie Bloom and illustrator David Axtell for *Fruits* (Macmillan), 6-8: John Agard and Satoshi Kitamura (illustrator) for *We Animals Would Like a Word With You* (Bodley Head), 9-11 Henrietta Branford for *Fire, Bed and Bone* (Walker Books).

The Booker Prize for Fiction

Arundhati Roy
The God of Small Things
(Flamingo)

BP Natural World Book Prize in association with The Wildlife Trusts

Graham Harvey
The Killing of the Countryside
(Jonathan Cape)

Commonwealth Writers Prize

Best Book

Peter Carey
Jack Maggs
(University of Queensland Press)

Best First Book

Tim Wynveen
Angel Falls
(Key Porter Books)

The David Higham Prize for Fiction

Ronald Wright
A Scientific Romance
(Anchor)

The Kurt Maschler Award

William Mayne ill. Jonathan Heale
Lady Muck
(Heinemann)

The Orange prize for fiction

Anne Michaels
Fugitive Pieces
(Bloomsbury)

The Saga Prize

Judith Edwards

Bernard and the Cloth Monkey

(to be published by Flamingo in Autumn)

The Nestlé Smarties Book Prize**5 and under****Gold**

Charlotte Voake

Ginger

(Walker Books)

Silver

Simon James

Leon and Bob

(Walker Books)

Bronze

Valerie Bloom ill. David Axtell

Fruits

(Macmillan)

6-8 years**Gold**

Jenny Nimmo ill. Anthony Lewis

The Owl Tree

(Walker Books)

Silver

Michael Foreman

The Little Reindeer

(Andersen Press)

Bronze

John Agard ill. Satoshi Kitamura

We Animals Would Like a Word With You

(Bodley Head)

9-11 Years**Gold**

J K Rowling

Harry Potter and the Philosopher's Stone

(Bloomsbury)

Silver

Philip Pullman

CLOCKWORK Or All Wound Up

(Corgi Yearling)

Bronze

Henrietta Branford

Fire, Bed and Bone

(Walker Books)

Scottish Book Trust

On 1 April 1998, Book Trust Scotland became the Scottish Book Trust and this change of name signalled its evolution into a wholly independent organisation dedicated to the promotion of books, reading, readers and writers throughout Scotland.

Discussions with the executive and the Board of Book Trust over the last eighteen months clarified the financial and legal details of separation and gained the blessing of both the Scottish Arts Council and the Arts Council of England. Accordingly, in the spring of 1998, Scottish Book Trust was registered as a charitable body wholly based in Scotland, with its own board of directors and its own constitution. The new Directors are: Tom Adair, educationalist and writer; Diane Alexander, Development Fellow at the Scottish Consultative Council on the Curriculum; Theresa Breslin, author, librarian; Alistair Craik, Head of Publishing Division of Health Education Board for Scotland; Dr Janet Morgan, author, chair of Readiscovery; Alan Reid, Library Services Manager for Midlothian Council, Publicity Officer for Scottish Libraries Association; Donny O'Rourke, author, broadcaster, chair of the Scottish Book Marketing Group.

In the last few months the processes of stock valuation, auditing, and the final details of the Asset Purchase Agreement have been worked out between the two organisations, and accordingly the first of two annual payments to Book Trust will be made on 31 December 1998.

During this last year the Writers in Scotland scheme has gone from strength to strength, with an expansion of the Writers' Register in print, as well as electronic publication on the World Wide Web. A proper reporting procedure has also been established and steps taken to consider the training and twinning of new writers with more experienced hands. Still further innovations are expected in this area under the expertise of new appointee Clive Ramage. At our annual meeting with the Scottish Arts Council Literature panel it was agreed that these developments fitted very well with two of the Scottish Arts Council's main priorities, namely, to increase public access to the arts and to support writers.

In this and in many other ways it is clear that Scottish Book Trust shares aims and ideals with the parent body in London, and both organisations are fully in favour of co-operation, not least in a common commitment to Young Book Trust, and indeed projects in this field have already been shared across the border. The National Year of Reading is another shared project - subsequent to the Scottish Office's decision to join that campaign. A successful launch conference for NYR was held in Glasgow on October 6th, and Scottish Book Trust made numerous valuable contacts there. In May, Scottish Book Trust was delighted to hear that its application under the National Lottery Advancement Programme had been successful, with support available for furthering the aims and objectives of the organisation through staff development, training, project development and restructuring. Changes in the internal organisation of the Advancement Scheme have delayed the first workshop sessions (planned for September-November), but we expect to begin the process early in the new year.

It is a privilege to have been involved with these developments over the last two years, and I'd like to record my special thanks for the work of chairman Eric Bolton and all the executive staff of Book Trust, for the backing of the Book Trust Board in London, for the unfailing support of Jenny Brown and the Scottish Arts Council, for the new Board of Book Trust Scotland who have already proved themselves to be a creative and proactive group, and

of course my final thanks must go to Lindsey Fraser, Kathryn Ross, Chris Young and the immensely hard-working team of Scottish Book Trust in Edinburgh. May the Book Trust ideal continue to flourish with renewed - and now with double - force in the years to come.

Rory Watson

Chair, Scottish Book Trust

BOOK TRUST STAFF

- as at July 1998

LONDON

Brian Perman
Deborah Hallford
Laurence Gathercole

Executive Director
Office Manager
Office Assistant

Accounts

Jim Duffy*
Fiona Hamilton
Machala Bennett

Accountant and Company Secretary
Accounts Manager
Accounts Assistant

Young Book Trust

Alexandra Strick
Ann Newton
Edgardo Zaghini
Kim Foscett

Children's Literature Manager
Children's Literature Officer
Children's Library and Information Officer
Office Junior

Prizes and Publicity

Sandra Vince
Tarryn McKay
Jessica Williams

Prizes Manager
Prizes Assistant
Press Officer

Book Information Service

Huw Molseed
Louise Frith
Sarah McDougall
Kathryn Quinton*
Ron Ferrioli*

Information Technology Manager
Senior Information Officer
Information Officer
Information Officer
Information Officer

EDINBURGH

Lindsey Fraser
Kathryn Ross
Christine Young
Robert Clyde

Executive Director
Assistant to the Executive Director
Secretary/Office Manager
Education Officer

* Part-time

BOOK TRUST DIRECTORS' REPORT

Year ended 31 March 1998

The directors present their report and the audited accounts for the year ended 31 March 1998.

Principal activity

Book Trust is engaged in the promotion and encouragement of the habit of reading and the wider and more general distribution of books among all people.

Review of the year

Details of the year's activities are contained in the Chairman's Report. The results of the year's operations are shown in the statement of financial activities on page 19.

Status

The company is limited by guarantee and does not have a share capital. The liability of members, the number of which is unlimited, is restricted to £1 each in the event of a winding up or dissolution.

The company is a Registered Charity.

Officers

A list of the President, vice-president and members of the Board of Directors as at 31 March 1998 is given on page 2 of the Annual Report. The following changes have taken place, or are due to take place:

Stephen Hearst was appointed as a director at the Annual General Meeting.

BOOK TRUST DIRECTORS' REPORT

31 March 1998 (Continued)

Statement of Directors' Responsibilities

We are required under company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company, and of the profit or loss of the company for that period.

In preparing these accounts we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud

Auditors

Kidsons Impey have agreed to offer themselves for re-election as auditors of the company.

By Order of Board



Jim Duffy

Secretary

Book House
45 East Hill
London SW18 2QZ

8 December 1998

BOOK TRUST AUDITORS' REPORT

Auditors' report to the members of Book Trust

We have audited the accounts on pages 19 to 27 which have been prepared under the accounting policies set out on pages 22 and 23.

Respective responsibilities of directors and auditors

As described on page 17 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

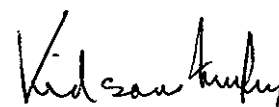
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

8 December 1998

BOOK TRUST
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st March 1998

		United Kingdom		Scotland		Total funds 31st March 1998	Total funds 31st March 1997
	Notes	Unrestricted funds 1998	Restricted funds 1998	Unrestricted funds 1998	Restricted funds 1998	£	£
		£	£	£	£		
Incoming resources							
Subscriptions, donations & gifts		110,454	-	1,114	-	111,568	134,319
Grants		64,872	-	92,670	93,234	250,776	140,872
Investment income	6	11,037	-	2,083	-	13,120	9,648
Turnover		217,907	299,215	53,128	19,987	590,237	409,366
Other operating income		4,500	-	-	-	4,500	4,425
Total incoming resources		<u>408,770</u>	<u>299,215</u>	<u>148,995</u>	<u>113,221</u>	<u>970,201</u>	<u>698,630</u>
Resources used							
Direct charitable expenditure							
Young Book Trust		103,876	45,658	-	-	149,534	141,692
Book Information Service		74,486	-	-	-	74,486	72,580
Prizes	15	58,387	137,255	-	113,221	308,863	158,460
Publications		45,873	1,530	45,952	-	93,355	95,730
Projects		-	114,772	110	-	114,882	56,808
Childrens' Library Services		-	-	523	-	523	553
Support costs		65,677	-	59,175	-	124,852	111,379
		348,299	299,215	105,760	113,221	866,495	637,202
Other expenditure							
Publicity and fundraising		13,266	-	-	-	13,266	24,621
Administration		61,042	-	39,376	-	100,418	63,388
Total expenditure		<u>422,067</u>	<u>299,215</u>	<u>145,136</u>	<u>113,221</u>	<u>980,179</u>	<u>725,211</u>
Net (outgoing) incoming resources		(13,837)	-	3,859	-	(9,978)	(26,581)
Other recognised gains and losses							
Realised (losses) on investments		(314)	-	-	-	(314)	(788)
Unrealised gains (losses) on investments		678	-	-	-	678	(2,039)
Net movement in funds		(13,473)	-	3,859	-	(9,614)	(29,408)
Balances brought forward at 1st April 1997							
		182,534	53,524	(11,249)	-	224,809	297,717
Prior year adjustment	2	-	-	-	-	-	(43,500)
Balances carried forward at 31st March 1998	13	<u>169,061</u>	<u>53,524</u>	<u>(7,390)</u>	<u>-</u>	<u>215,195</u>	<u>224,809</u>

All activities are continuing. The notes on pages 22 to 27 form part of these accounts.

BOOK TRUST
BALANCE SHEET
at 31st March 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	8		138,285		147,034
Current assets					
Stocks	9	17,902		19,180	
Debtors	10	427,795		218,803	
Investments	11	44,980		62,676	
Cash at bank and in hand		<u>124,378</u>		<u>144,855</u>	
		615,055		445,514	
Creditors: amounts falling due within one year	12	<u>(538,145)</u>		<u>(367,739)</u>	
Net current assets			<u>76,910</u>		<u>77,775</u>
			<u>215,195</u>		<u>224,809</u>
Reserves	13		<u>215,195</u>		<u>224,809</u>

The accounts on pages 19 to 27 were approved by the board of directors on 8 DECEMBER 1998.

Eric Bolton

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Eric de Bellaigue

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Eric Bolton

Eric de Bellaigue

BOOK TRUST
CASH FLOW STATEMENT
for the year ended 31st March 1998

	1998 £	1997 £
Net cash (outflow) from operating activities		
Operating (deficit)	(22,733)	(39,056)
Depreciation	16,036	14,972
Loss on disposal of investment	314	788
Decrease/(increase) in stocks	1,278	(7,576)
(Increase) in debtors	(209,949)	(130,296)
Increase in creditors	<u>170,406</u>	<u>160,994</u>
	(44,648)	(174)
Returns on investments and servicing of finance		
Interest received	14,074	11,649
Capital expenditure and financial investment		
Purchase of investment	(14,938)	-
Purchase of tangible fixed assets	(7,287)	(744)
Proceeds from sale of investment	<u>33,000</u>	<u>15,000</u>
(Decrease)/increase in cash	<u>(19,799)</u>	<u>25,731</u>
Analysis of cash as shown in the balance sheet		
Cash at bank and in hand		
Balance brought forward	144,855	117,085
Balance carried forward	<u>124,378</u>	<u>144,855</u>
Short term investments	(20,477)	27,770
Change in market value of investments	<u>678</u>	<u>(2,039)</u>
	<u>(19,799)</u>	<u>25,731</u>

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998

1 Principal accounting policies

Basis of accounting

The accounts have been prepared under the historical cost accounting rules, save for current asset investments which are stated at market value, and in accordance with applicable accounting standards.

Depreciation

Depreciation of tangible fixed assets is charged by equal annual instalments at varying rates to write off their cost less any residual value over the expected useful lives which are as follows:-

Freehold land and buildings	-	Nil
Furniture and equipment	-	5 or 10 years
Additions to Book House	-	10 years
Motor vehicles	-	5 years

In the case of freehold property, the Board of Directors are of the opinion that provision for depreciation is unnecessary because the building is maintained to a high standard and its market value is in excess of cost.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost has been determined by the FIFO method and is based on purchase price or production cost excluding general overheads. Net realisable value is based on estimated selling price less the costs of disposal.

Pensions

Defined contribution schemes

The pension cost charge represents contributions payable to separately administered pension schemes.

Donations, Legacies and other Voluntary Income

Amounts are reflected in the accounts when received by Book Trust.

Grants

Book Trust accounts for general grants on an accruals basis. Those grants given for a specific purpose are accounted for as income only when the conditions under the terms of the grant have been fulfilled. Until then the grant is held in the balance sheet as a creditor.

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998
(continued)

1 Principal accounting policies (continued)

Fundraising & Publicity Costs

This includes those items directly attributable to fundraising and publicity, and the portion of overheads considered appropriate based on floor space and man hours.

Support Costs

This includes those services that are provided centrally in support of Book Trusts' direct charitable activities, and the portion of overheads considered appropriate based on the floor space and man hours of those central services.

Administration Costs

This includes those items attributable to management of the charity that cannot be allocated to the direct charitable expenditure. This includes audit costs, and the administration of the membership.

Investments

Investments are included in the accounts at market value and any gains or losses, realised or unrealised, are reflected in the Statement of Financial Activities.

Volunteers

Book Trust derives substantial gain from the use of volunteer help throughout the year, the effect of which cannot be quantified.

2 Prior year adjustment

In previous years certain grants received for projects were included in income as received. Many of these projects were completed or nearing completion with the result that the associated costs had to be met in current or subsequent financial years. In order to match correctly income and expenditure a prior year adjustment of £43,500 was made to reflect the deferred income at 31st March 1996.

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998
(continued)

3	Operating (deficit)	1998	1997
		£	£
	This is stated after crediting the following:-		
	Subscriptions, donations and gifts including donations made under Deeds of Covenant	111,568	134,319
	Grants		
	- Arts Council of England	64,872	64,872
	- Scottish Arts Council	185,904	64,000
	- Esmeé Fairbairn Charitable Foundation	<u>-</u>	<u>12,000</u>
	Direct costs and other operating charges include:-		
	Staff costs (note 4)	292,156	271,153
	Operating leases		
	- hire of plant and machinery	4,152	4,152
	- rents payable	17,259	16,446
	Auditors' remuneration (1998 includes £3,100 in respect of prior year)	9850	6,250
	Restructuring costs	<u>-</u>	<u>9,000</u>
4	Staff costs	1998	1997
		£	£
	Salaries	256,589	239,751
	Social security costs	29,631	26,466
	Pension costs (note 5)	<u>5,936</u>	<u>4,936</u>
		<u>292,156</u>	<u>271,153</u>
		Number	Number
	Average number employed	<u>20</u>	<u>18</u>

Excluding pension contributions, no employee earned over £40,000 in either year.

	1998	1997
	Number	Number
The total number of employees by function, was:-		
Young Book Trust	4	3
Book Information Service	3	3
Prizes	4	3
Publications	1	1
Scotland	4	4
Support costs	2	2
Publicity and fundraising	<u>2</u>	<u>2</u>
	<u>20</u>	<u>18</u>

No member of the Board of Directors received any remuneration for their services (1997 - £Nil).

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998
(continued)

5 Pensions

The pension cost charge of £5,936 (1997 - £4,936) represents contributions made to separately administered pension schemes.

6 Investment income

	1998 £	1997 £
Interest on Government stocks	6,329	7,398
Other interest receivable	<u>6,791</u>	<u>2,250</u>
	<u>13,120</u>	<u>9,648</u>

7 Taxation

No provision for taxation is required because the company is a Registered Charity.

8 Tangible fixed assets

	Freehold land and buildings £	Additions to Book House £	Furniture and equipment £	Motor vehicles £	Total £
Cost					
1st April 1997	107,559	4,623	133,449	6,750	252,381
Additions	-	-	7,287	-	7,287
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,750)</u>	<u>(6,750)</u>
31st March 1998	<u>107,559</u>	<u>4,623</u>	<u>140,736</u>	<u>-</u>	<u>252,918</u>
Depreciation					
1st April 1997	-	4,623	93,974	6,750	105,347
Charge for year	-	-	16,036	-	16,036
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,750)</u>	<u>(6,750)</u>
31st March 1998	<u>-</u>	<u>4,623</u>	<u>110,010</u>	<u>-</u>	<u>114,633</u>
Net book amount					
31st March 1998	<u>107,559</u>	<u>-</u>	<u>30,726</u>	<u>-</u>	<u>138,285</u>

The costs of freehold land and buildings above represents the company's 25% share in the freehold of Book House (see also note 14).

Additions to Book House of £30,349 in the year ended 31st March 1994 have not been included above as this amount represents the company's contribution to the cost of an extension occupied solely by Book House Training Centre; the entire cost was borne by Book House Training Centre and consequently the rent due to the company in respect of this part of the building will be retained by Book House Training Centre until such time as the cumulative retained rent and interest thereon is equal to the contribution plus interest thereon.

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998
(continued)

9	Stocks		1998	1997
			£	£
	Publications and videos'		<u>17,902</u>	<u>19,180</u>
10	Debtors			
	Amounts falling due within one year			
	Trade debtors		42,671	87,737
	Other debtors		17,348	16,941
	Prepayments and accrued income		<u>367,776</u>	<u>114,125</u>
			<u>427,795</u>	<u>218,803</u>
11	Current asset investments			
	Government stocks			
	Market value		<u>44,980</u>	<u>62,676</u>
	Cost		<u>47,191</u>	<u>65,565</u>
12	Creditors			
	Amounts falling due within one year			
	Trade creditors		71,644	48,116
	Other taxation and social security		9,541	19,920
	Other creditors		2,017	8,433
	Accruals and deferred income		<u>454,943</u>	<u>291,270</u>
			<u>538,145</u>	<u>367,739</u>
13	Reserves	1st April	(Deficit) for	31st March
		1997	the year	1998
		£	£	£
	Income and expenditure account	65,376	(9,614)	55,762
	Capital reserve	105,151	-	105,151
	Gilroy-Scott Fund	<u>54,282</u>	-	<u>54,282</u>
		<u>224,809</u>	<u>(9,614)</u>	<u>215,195</u>

BOOK TRUST
NOTES ON ACCOUNTS

31st March 1998
 (continued)

14 Financial commitments

Financial commitments under non-cancellable operating leases in respect of land and buildings will result in the following payments falling due within one year of the balance sheet date:

	1998		1997	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring in:				
Less than one year	-	-	8,120	-
1 to 5 years	-	4,152	-	4,152
More than 5 years	<u>8,326</u>	<u>-</u>	<u>8,326</u>	<u>-</u>
	<u>8,326</u>	<u>4,152</u>	<u>16,446</u>	<u>4,152</u>

The above payments in respect of land and buildings include the company's rent payable in respect of the 75% interest in that part of Book House occupied but not owned by the company, less the rent receivable in respect of the company's 25% interest in that part of Book House occupied by Book House Training Centre excluding the retained rent referred to in Note 8. The rent is subject to review every five years, the next review being on 29th September 1999.

15 Writers in Scotland Project Included in this total.