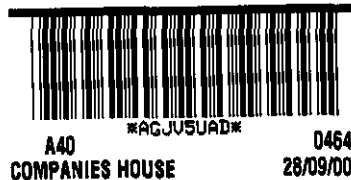


ANNUAL REPORT
YEAR ENDED 31 MARCH 2000

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BOOK TRUST
DIRECTORS' REPORT
Year ended 31 March 2000

The directors present their report and the audited accounts for the year ended 31 March 2000.

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 20.

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 2000 is given on page 2 of the Annual Report. The following changes are due to take place:

Liz Attenborough - Retires and is not eligible for re-election on 19 September 2000

Brian Cox - Retires and is not eligible for re-election on 19 September 2000

It will be proposed at the Annual General Meeting that Jane Drabble, Jane Mays and Kimberley Reynolds be appointed as directors.

DIRECTORS' REPORT

31 March 2000 (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

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

By Order of the Board


Deborah Hallford

Secretary

Book House
45 East Hill
London
SW18 2QZ

13 June 2000

BOOK TRUST

**BOOK TRUST
AUDITORS' REPORT**

Auditors' report to the members of Book Trust

We have audited the accounts on pages 20 to 27 which have been prepared under the accounting policies set out on pages 23 and 24.

Respective responsibilities of directors and auditors

As described on page 18 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 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

HLB Kidsons

Registered Auditors

Chartered Accountants

London

13 June 2000

BOOK TRUST
STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2000

	Notes	Unrestricted funds 2000 £	Restricted funds 2000 £	Total funds 31 March 2000 £	Total funds 31 March 1999 £
Incoming resources					
Subscriptions, donations & gifts		11,745	-	11,745	54,322
Grants		67,466	-	67,466	64,872
Investment income	2	7,543	-	7,543	7,205
Turnover		480,327	387,783	868,110	867,781
Other operating income		<u>2,501</u>	<u>-</u>	<u>2,501</u>	<u>4,604</u>
Total incoming resources		<u>569,582</u>	<u>387,783</u>	<u>957,365</u>	<u>998,784</u>
Resources used					
Direct charitable expenditure					
Childrens' Lit. Resource Centre		23,331	-	23,331	30,980
Book Information Service		53,238	-	53,238	57,460
Prizes		45,551	85,307	130,858	133,564
Publications		118,156	-	118,156	185,966
Projects		183,277	302,476	485,753	423,487
Support costs		<u>72,533</u>	<u>-</u>	<u>72,533</u>	<u>70,580</u>
		496,086	387,783	883,869	902,037
Other expenditure					
Publicity and Fundraising		40,193	-	40,193	50,205
Administration		<u>22,678</u>	<u>-</u>	<u>22,678</u>	<u>32,561</u>
Total expenditure		<u>558,957</u>	<u>387,783</u>	<u>946,740</u>	<u>984,803</u>
Net incoming resources	3	10,625	-	10,625	13,981
Other recognised gains and losses					
Realised (losses) on investments		-	-	-	(4,252)
Unrealised (losses) gains on investments		<u>(1,142)</u>	<u>-</u>	<u>(1,142)</u>	<u>3,900</u>
Net movement in funds		9,483	-	9,483	13,629
Balances brought forward at 1 April 1999		<u>171,441</u>	<u>53,524</u>	<u>224,965</u>	<u>211,336</u>
Balances carried forward at 31 March 2000	12	<u>180,924</u>	<u>53,524</u>	<u>234,448</u>	<u>224,965</u>

All activities are continuing.

These notes on pages 23 to 27 form part of these accounts.

BOOK TRUST BALANCE SHEET

31 March 2000

	Note	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	7		137,908		153,663
Current assets					
Stocks	8	-		3,295	
Debtors	9	172,595		229,830	
Investments	10	15,486		16,628	
Cash at bank and in hand		<u>176,746</u>		<u>102,776</u>	
		364,827		352,529	
Creditors: amounts falling due within one year	11	<u>(268,287)</u>		<u>(281,227)</u>	
Net current assets			<u>96,540</u>		<u>71,302</u>
Net assets			<u>234,448</u>		<u>224,965</u>
Reserves	12		<u>234,448</u>		<u>224,965</u>

The accounts on pages 20 to 27 were approved by the board of directors on 13th June 2000.

Jane Carr

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)

) Directors

Stephen Purse

)

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BOOK TRUST
CASH FLOW STATEMENT
for the year ended 31 March 2000

	2000	1999
	£	£
Net cash inflow from operating activities		
Net incoming resources, excluding investment income	3,082	6,776
Depreciation	15,755	13,170
Decrease in stocks	3,295	7,904
Decrease in debtors	57,235	222,410
(Decrease) in creditors	<u>(12,940)</u>	<u>(229,172)</u>
	66,427	21,088
Returns on investments and servicing of finance		
Interest received	7,543	7,205
Capital expenditure and financial investment		
Purchase of tangible fixed assets	-	(30,349)
Proceeds from sale of investment	<u>-</u>	<u>28,000</u>
Increase in cash	<u>73,970</u>	<u>25,944</u>
Analysis of cash as shown in the balance sheet		
Cash at bank and in hand		
Balance brought forward	102,776	76,832
Increase in year	<u>73,970</u>	<u>25,944</u>
Balance carried forward	<u>176,746</u>	<u>102,776</u>

BOOK TRUST

NOTES ON ACCOUNTS

31 March 2000

1 Principal accounting policies

(a) 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.

(b) Subscriptions, donations and gifts

Subscriptions, donations and gifts are reflected in the statement of financial activities only if they have been received. Amounts received in advance of the period to which they relate are deferred and reflected in the statement of financial activities for the period to which they relate.

(c) 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.

(d) 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 salaries of those people providing central services.

(e) Publicity & Fundraising Costs

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

(f) 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.

BOOK TRUST

NOTES ON ACCOUNTS

31 March 2000 (continued)

1 Principal accounting policies (continued)

(g) Volunteers

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

(h) 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:-

Furniture and equipment	-	5 or 10 years
Additions to Book House	-	10 years
Computer equipment	-	5 years

The freehold property is maintained in a continual state of sound repair. Accordingly the directors consider that the life of the property is so long and its residual value, based on prices prevailing at the time of acquisition, is such that any amortisation would be insignificant. Any permanent diminution in the value of freehold property is charged in the statement of financial activities as appropriate.

(i) 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.

2	Investment income	2000	1999
		£	£
	Interest on Government stocks	1,013	4,443
	Other interest receivable	<u>6,530</u>	<u>2,762</u>
		<u>7,543</u>	<u>7,205</u>
3	Net Incoming Resources	2000	1999
		£	£
	This is stated after crediting the following:-		
	Subscriptions, donations and gifts including donations made under Deeds of Covenant	11,745	54,322
	Grant - Arts Council of England	<u>67,466</u>	<u>64,872</u>
	Direct costs and other operating charges include:-		
	Staff costs (note 4)	439,234	340,774
	Operating leases		
	- hire of equipment	6,714	5,086
	- rents payable	8,326	8,326
	Auditors' remuneration (of which £200 in respect of prior year; 1999: £2,050)	<u>5,800</u>	<u>8,050</u>

BOOK TRUST NOTES ON ACCOUNTS

31 March 2000 (continued)

4	Staff costs	2000 £	1999 £
	Salaries	396,577	300,193
	Social security costs	33,948	28,581
	Pension costs (note 5)	<u>8,709</u>	<u>12,000</u>
		<u>439,234</u>	<u>340,774</u>
		Number	Number
	Average number employed	<u>24</u>	<u>19</u>

Staff costs for 2000 include an amount of £110,261 (1999: £38,187) relating to contract staff for the Bookstart Project.

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

	2000 Number	1999 Number
The total number of employees by function, was:-		
Childrens' Lit. Resource Centre	1	4
Book Information Service	2	2
Prizes	2	2
Publications	2	2
Bookstart	12	4
Support	3	3
Publicity and fundraising	<u>2</u>	<u>2</u>
	<u>24</u>	<u>19</u>

No member of the Board of Directors received any remuneration for their services (1999 - £Nil).

5 Pensions

The pension costs of £8,709 (1999 - £12,000) represent contributions made to a separately administered defined contribution pension scheme.

6 Taxation

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

BOOK TRUST

NOTES ON ACCOUNTS

31 March 2000 (continued)

7	Tangible fixed assets	Freehold land and buildings £	Additions to Book House £	Furniture and equipment £	Total £
	Cost				
	1 April 1999	137,908	4,623	111,335	253,866
	Additions	-	-	-	-
	Disposals	-	-	-	-
	31 March 2000	<u>137,908</u>	<u>4,623</u>	<u>111,335</u>	<u>253,866</u>
	Depreciation				
	1 April 1999	-	4,623	95,580	100,203
	Charge for year	-	-	15,755	15,755
	Disposals	-	-	-	-
	31 March 2000	<u>-</u>	<u>4,623</u>	<u>111,335</u>	<u>115,958</u>
	Net book amount				
	31 March 2000	<u>137,908</u>	<u>-</u>	<u>-</u>	<u>137,908</u>

The cost of freehold land and buildings above represents the company's 25% share in the freehold of Book House (see also note 11).

Freehold land and buildings includes the cost of an extension at Book House originally funded by the Publishers Training Centre who solely occupy this extension. The rent due to Book Trust in respect of this part of the building is being retained by the Publishers Training Centre until such time as the cumulative retained rent and interest thereon equals the original cost together with interest thereon. Full provision has been made for the cost together with retained rent and interest adjustments at 31 December 1999 (note 11).

8	Stocks	2000 £	1999 £
	Publications and videos	<u>-</u>	<u>3,295</u>
9	Debtors		
	Amounts falling due within one year		
	Trade debtors	82,904	168,814
	Other debtors	13,514	24,946
	Prepayments and accrued income	<u>76,177</u>	<u>36,070</u>
		<u>172,595</u>	<u>229,830</u>

BOOK TRUST

NOTES ON ACCOUNTS

31 March 2000 (continued)

10	Current asset investments	2000 £	1999 £
	Government stocks		
	Market value	<u>15,486</u>	<u>16,628</u>
	Cost	<u>14,939</u>	<u>14,939</u>
11	Creditors		
	Amounts falling due within one year		
	Trade creditors	13,630	21,363
	Other taxation and social security	16,639	36,924
	Other creditors (note)	45,706	40,403
	Accruals and deferred income	<u>192,312</u>	<u>182,537</u>
		<u>268,287</u>	<u>281,227</u>

Note:

This includes an amount of £32,849 due to the Publishers Training Centre representing the cost of an extension to Book House, £30,349, originally funded by the Publishers Training Centre together with retained rent and interest adjustments.

12	Reserves	1 April 1999 £	Surplus for the year £	31 March 2000 £
	Income and expenditure account	65,532	9,483	75,015
	Capital reserve	105,151	-	105,151
	Gilroy-Scott Fund	<u>54,282</u>	-	<u>54,282</u>
		<u>224,965</u>	<u>9,483</u>	<u>234,448</u>

13 Financial commitments

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

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring in:				
Less than one year	-	-	-	-
1 to 5 years	-	2,260	-	1,406
More than 5 years	<u>8,326</u>	<u>4,210</u>	<u>8,326</u>	<u>4,210</u>
	<u>8,326</u>	<u>6,470</u>	<u>8,326</u>	<u>5,516</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 Publishing Training Centre excluding the retained rent referred to Note 7. The rent is subject to review every five years. The review with effect from September 1999 has not yet been completed.