



# The National Childbirth Trust

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(Limited by Guarantee)

REPORT AND ACCOUNTS  
30 SEPTEMBER 1997

Company Registration Number 2370573  
Registered Charity Number 801395



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## Legal and administrative information

Council of Trustees:	Bernadette Matus, Chairman Barbara Kott, President Catherine George, Vice Chairman Tracy Stanton, Honorary Secretary Sue Hanson Ruth Howard (elected 14.6.97) Sue Saxey (appointed 14.6.97 ) Anne Sherman (appointed 29.1.97)
Senior Executives:	Catherine Swarbrick, Director Peter Brearley, Head of Financial Services Mary Newburn, Head of Policy Research Shirleyanne Seel, Head of Administration
Company Secretary	Tracy Stanton
Auditors:	Buzzacott Chartered Accountants & Registered Auditors 12 New Fetter Lane London EC4A 1AP
Bankers:	TSB Bank plc PO Box 140 St Mary's Court 20 St Mary at Hill London EC3R 8NA
Solicitors:	Trowers & Hamlins 6 New Square Lincoln's Inn London WC2A 3RP
Status:	Company limited by guarantee without share capital, registration number 2370573. In the event of winding up each member is liable to contribute a sum not exceeding £1 whilst a member or within 12 months of ceasing membership. Charity registration number 801395.
Subsidiary Companies:	NCT (Maternity Sales) Limited NCT Publishing Limited NCT Trading Limited
Registered Office:	Alexandra House Oldham Terrace London W3 6NH

## **Report of the Council of Trustees 30 September 1997**

The Council of Trustees presents the statutory report with the accounts of the National Childbirth Trust ("the Trust") for the year ended 30 September 1997.

The accounts have been prepared in accordance with the recommendations contained within the Statement of Recommended Practice - Accounting by Charities issued by the Charity Commission in October 1995.

### **Principal aims and activities**

The Trust offers information and support in pregnancy, childbirth and early parenthood, and aims to give every parent the chance to make informed choices. It tries to make sure that its services, activities and membership are fully accessible to everyone. The three strands of its work are campaigning, education and direct services.

1997 was a difficult year for the Trust during which disagreements over accepting sponsorship from commercial organisations led to the requisitioning of an Extraordinary General Meeting and the resignation of some members. However the work of the Trust as the voice of parents continued through its branches and national office. Services to parents (antenatal, breastfeeding, postnatal support, ParentAbility and education) and fundraising by branches remained the largest areas of activities and accounted for 61% in money terms. Some of the most noteworthy aspects of the year were:

- The publication of national guidelines supported by health professionals for low blood sugar testing of newborn babies in order to reduce the overall number that are tested and treated unnecessarily while ensuring reliable monitoring for babies at risk.
- A research project to find out to what extent women understand and are able to use information to make their birth experience better.
- The continued development of the VOICES project, a joint initiative with the Institute of Nursing Studies at the University of Hull, which aims to increase awareness, confidence and effectiveness of user representatives by providing them with the information, skills and resources they need.
- The production of new leaflets giving reliable, parent-centred information and the distribution of more than three million of these free of charge through TESCO stores and the Trust.
- Publication of a survey of women's experiences of screening tests in pregnancy.

### **Results for the year**

Total incoming resources during the year ended 30 September 1997 were £3.8m (1996 £3.55m). This is an increase of 7% and was achieved largely as a result of the fundraising work of the Trust's branches and supporters supported by the fundraising team in the national office. Grants receivable, including deferred income, of £148,000 were 22% lower than the figure in the previous year due to one very large grant received in 1996. Income from membership subscriptions remained static due to a decline in the number of members following an increase in subscription rates and a high take-up of the new discounted membership subscription which was introduced to improve access to the Trust for parents in low income households. Profits from the Trust's trading subsidiaries covenanted to the Trust were £78,000 (1996 £61,000).

Total resources expended were £4.06m (1996 £3.89m), an increase of 4.4% compared to the previous year. This increase reflects not only a sustained growth in direct charitable activities but also an increase in management and administration costs arising from expenditure on matters such as the Extraordinary General Meeting.

Funds held at 30 September 1997 totalled £0.86m (1996 £1.11m). Two thirds of these funds were held by the branches of the Trust, revealing the need for the continued implementation of the fundraising strategy to establish reliable sources of income to complement membership subscriptions and provide a firm foundation for the development of the Trust's activities.

### **Reserves policy**

The Trustees' policy is to try to ensure that the Trust has the equivalent of three months' expenditure in reserve.

## **Report of the Council of Trustees 30 September 1997**

### **Statement of the responsibilities of the Council of Trustees**

The Companies Act 1985 requires the Council of Trustees, as trustees and directors, to prepare accounts of the charity for each financial year which give a true and fair view of the state of affairs of the charity and its wholly owned subsidiaries and of their income and expenditure for that year. In preparing accounts giving a true and fair view the Council of Trustees has followed best practice and has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepared the accounts on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Council of Trustees has responsibility for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the charity and its subsidiaries and enable it to ensure that the financial statements comply with the Companies Act 1985. It also has responsibility for safeguarding the assets of the charity and for taking reasonable steps to prevent and detect fraud and other irregularities.

### **Council of Trustees**

A list of members of the Council of Trustees at the date the accounts were approved is given as part of the legal and administrative information on page 1. Trustees are appointed by members at the Annual General Meeting of the Trust. Mary Barnard retired as Chair and as a Trustee in June 1997. Lucy Docherty resigned from the Council of Trustees in June 1997, Jean Carratt resigned in September 1997, and Jane Langridge, Jane Mason, Janet Neale, Shona Gore, Ruth Stone and Madeline Wang resigned in October 1997. Carole Boyce, Gill Gyte, Ruth Howard and Magda Sachs were elected to the Council of Trustees in June 1997 but Carole Boyce resigned in November 1997, Magda Sachs resigned in December 1997, and Gill Gyte resigned in February 1998. The Council of Trustees met five times in 1996/97.

No member of the Council of Trustees had any beneficial interest in any contract with the charity or its wholly owned subsidiaries during the year.

### **Employees & volunteers**

The Council of Trustees would like to record its appreciation of the commitment to the Trust's objectives of all staff and also the many volunteers who willingly give their time to the immense benefit of the charity.

### **Equal Opportunities**

The charity operates an Equal Opportunities Policy. The following statement formalises the position and takes account of the progress already made and experience gained.

The Trust aims to ensure that no member or employee, whether in receipt of a salary or not, receives less favourable treatment on the grounds of race, colour, nationality, religion, ethnic or national origins, age, sex, marital status, disability or sexual preference. Recruitment, selection criteria and procedures will be regularly reviewed to ensure that individuals are treated on the basis of their relevant merits and abilities. All members and employees will be given equal opportunity for and access to appropriate training.

### **Auditors**

In accordance with the Companies Act 1985, a resolution regarding the re-appointment of Buzzacott will be proposed at the forthcoming annual general meeting.

### **By order of the Board**



Tracy Stanton, Secretary  
1 April 1998

## **Auditors' report 30 September 1997**

### **Report of the auditors to the members of the National Childbirth Trust**

We have audited the accounts on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

#### **Respective responsibilities of the Trustees and Auditors**

As described on page 3 the Council of Trustees are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Council of Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the affairs of the charity and the charity and its subsidiaries respectively as at 30 September 1997 and of their incoming resources and application of resources including their income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Buzzacott**

Buzzacott  
Chartered Accountants  
Registered Auditors

12 New Fetter Lane  
London  
EC4A 1AP

**2 April 1998**

# Consolidated statement of financial activities for the year ended 30 September 1997

		Unrestricted funds				
	Notes	General	Designated	Restricted	Total	Total
		funds	funds	funds	1997	1996
		£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure</b>						
<b>Incoming resources</b>						
Membership subscriptions		572	-	-	572	577
Grants receivable	1	33	-	84	117	22
Add/(less) deferred income		-	-	31	31	(31)
Fundraising activities & donations	2	1,431	-	14	1,445	1,251
Fees from courses & conferences		1,014	-	-	1,014	931
Sale of maternity goods		184	-	-	184	208
Advertising in branch newsletters		207	-	-	207	197
Other income receivable		102	-	-	102	77
Interest receivable		50	-	-	50	59
Net income of trading subsidiaries	3	79	-	-	79	61
<b>Total incoming resources</b>		<u>3,672</u>	<u>-</u>	<u>129</u>	<u>3,801</u>	<u>3,551</u>
<b>Resources expended</b>						
Direct charitable expenditure	4					
Services to parents		1,160	-	35	1,195	1,169
Campaigning & research		26	-	72	98	111
Information		170	-	-	170	55
Cost of maternity goods sold		173	-	-	173	208
Other direct expenditure		36	-	-	36	31
Exceptional item	9	-	-	-	-	250
Support costs		767	-	-	767	631
		<u>2,332</u>	<u>-</u>	<u>107</u>	<u>2,439</u>	<u>2,455</u>
Other expenditure						
Fundraising and publicity	5	1,271	-	9	1,280	1,176
Management and administration	6	339	-	-	339	255
<b>Total resources expended</b>		<u>3,942</u>	<u>-</u>	<u>116</u>	<u>4,058</u>	<u>3,886</u>
<b>Net (outgoing)/incoming resources for the year before transfers</b>						
	8	(270)	-	13	(257)	(335)
Transfers between funds	14	17	(17)	-	-	-
<b>Net movement in funds</b>		<u>(253)</u>	<u>(17)</u>	<u>13</u>	<u>(257)</u>	<u>(335)</u>
<b>Funds at 1 October 1996</b>		1,005	43	67	1,115	1,450
<b>Funds at 30 September 1997</b>		<u>752</u>	<u>26</u>	<u>80</u>	<u>858</u>	<u>1,115</u>

All of the group's activities and programmes are classed as continuing. The group had no recognised gains or losses other than the net movement in funds for the year. The movement on reserves is shown above.

**Charity statement of financial activities for the year ended 30 September 1997**

		Unrestricted funds				
	Notes	General	Designated	Restricted	Total	Total
		funds	funds	funds	1997	1996
		£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure</b>						
<b>Incoming resources</b>						
Membership subscriptions		572	-	-	572	577
Grants receivable	1	33	-	84	117	221
Add/(less) deferred income			-	31	31	(31)
Fundraising activities & donations	2	1,508	-	14	1,522	1,314
Fees from courses & conferences		1,014	-	-	1,014	931
Sale of maternity goods		184	-	-	184	208
Advertising in branch newsletters		207	-	-	207	197
Other income receivable		102	-	-	102	77
Interest receivable		50	-	-	50	59
<b>Total incoming resources</b>		<b>3,670</b>	<b>-</b>	<b>129</b>	<b>3,799</b>	<b>3,553</b>
<b>Resources expended</b>						
Direct charitable expenditure	4					
Services to parents		1,160	-	35	1,195	1,169
Campaigning & research		26	-	72	98	111
Information		170	-	-	170	55
Cost of maternity goods sold		173	-	-	173	208
Other direct expenditure		36	-	-	36	31
Exceptional item	9	-	-	-	-	250
Support costs		767	-	-	767	631
		<b>2,332</b>	<b>-</b>	<b>107</b>	<b>2,439</b>	<b>2,455</b>
Other expenditure						
Fundraising and publicity	5	1,271	-	9	1,280	1,176
Management and administration	6	339	-	-	339	255
<b>Total resources expended</b>		<b>3,942</b>	<b>-</b>	<b>116</b>	<b>4,058</b>	<b>3,886</b>
<b>Net (outgoing)/incoming resources for the year before transfers</b>						
		(272)	-	13	(259)	(333)
Transfers between funds	14	17	(17)	-	-	-
<b>Net movement in funds</b>		<b>(255)</b>	<b>(17)</b>	<b>13</b>	<b>(259)</b>	<b>(333)</b>
<b>Funds at 1 October 1996</b>		<b>1,007</b>	<b>43</b>	<b>67</b>	<b>1,117</b>	<b>1,450</b>
<b>Funds at 30 September 1997</b>		<b>752</b>	<b>26</b>	<b>80</b>	<b>858</b>	<b>1,117</b>

All of the charity's activities and programmes are classed as continuing. The charity had no recognised gains or losses other than the net movement in funds for the year. The movement on reserves is shown above.



# Balance sheets as at 30 September 1997

	Notes	1997		1996	
		Group £'000	Charity £'000	Group £'000	Charity £'000
<b>Fixed assets</b>					
Tangible assets	9	387	387	334	333
Investments	10	-	1	-	1
		<u>387</u>	<u>388</u>	<u>334</u>	<u>334</u>
<b>Current assets</b>					
Stocks		244	176	234	158
Debtors & prepayments	11	269	298	239	211
Cash at bank and in hand		639	522	1,117	1,005
		<u>1,152</u>	<u>996</u>	<u>1,590</u>	<u>1,374</u>
<b>Creditors</b>					
Amounts falling due within one year	12	681	526	809	591
<b>Net current assets</b>		<u>471</u>	<u>470</u>	<u>781</u>	<u>783</u>
<b>Total net assets</b>		<u>858</u>	<u>858</u>	<u>1,115</u>	<u>1,117</u>
<b>Fund balances</b>					
<b>Charitable funds</b>					
Unrestricted funds					
General funds		753	752	1,007	1,007
Designated funds	14	26	26	43	43
Restricted funds	13	80	80	67	67
		<u>859</u>	<u>858</u>	<u>1,117</u>	<u>1,117</u>
<b>Non-charitable trading funds</b>	3	(1)	-	(2)	-
		<u>858</u>	<u>858</u>	<u>1,115</u>	<u>1,117</u>

Approved by the Council of Trustees on 1 April 1998  
and signed on its behalf by



Bernadette Matus, Chairman



Catherine George, Vice Chairman

# Consolidated cash flow statement for the year ended 30 September 1997

	Notes	1997 £'000	1996 £'000
<b>Cash outflow from operating activities</b>	(a)	(463)	(24)
<b>Returns on investments and servicing of finance</b>			
Interest received		78	59
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(93)	(9)
<b>(Decrease)/increase in cash</b>	(b)	<u>(478)</u>	<u>26</u>

## Notes to the cash flow statement

### (a) Adjustment of net outgoing resources before transfers to net cash outflow from operating activities

	1997 £'000	1996 £'000
Net outgoing resources before transfers	(257)	(335)
Depreciation charge	34	49
Exceptional item	-	250
Net loss on disposal of tangible fixed assets	6	1
Interest receivable	(78)	(59)
(Increase) in stocks	(10)	(46)
(Increase) in debtors	(30)	(1)
(Decrease)/increase in creditors	(128)	117
Net cash outflow from operating activities	<u>(463)</u>	<u>(24)</u>

### (b) Analysis of changes in net funds

Cash at bank and in hand		
Balance at 1 October 1996	1,117	1,091
Net cash (outflow)/inflow in year	(478)	26
Balance at 30 September 1997	<u>639</u>	<u>1,117</u>

## Principal accounting policies 30 September 1997

- a) **Basis of accounting**  
The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities issued by the Charity Commission in October 1995.
- b) **Basis of consolidation**  
The statement of financial activities and balance sheet consolidate the accounts of the charity and all its subsidiary undertakings made up to the balance sheet date.
- c) **Income**  
With the exception of voluntary income arising from fundraising activities and donations, all income is credited to the statement of financial activities on an accruals basis. Voluntary income is credited to the statement of financial activities in the year in which it is received.
- d) **Expenditure**  
Direct charitable expenditure comprises direct expenses incurred on the defined charitable purposes of the charity and its charitable subsidiaries and includes direct staff costs attributable to the activity and an allocation of the general management and overhead costs.  
Fundraising and publicity costs comprise expenditure incurred in inducing others to make contributions to the charity and in enhancing its public image.  
Administration and management costs include expenditure on general administration, management and compliance with constitutional and statutory requirements.
- e) **Leased assets**  
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities as incurred.
- f) **Tangible fixed assets**  
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold buildings	2% on cost
Furniture, office and computer equipment	10% - 20% on cost
- g) **Stocks**  
Stocks represent goods for resale and are stated at the lower of cost and net realisable value.
- h) **Fund accounting**  
The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the Council of Trustees.  
The restricted funds are monies raised for a specific purpose, or donations subject to donor imposed conditions.  
The designated funds are monies set aside out of general funds and designated for specific purposes by the Council of Trustees.  
Non-charitable trading funds consist of the retained profits or accumulated losses of activities conducted through non-charitable trading subsidiaries.
- i) **Branches**  
Branch transactions are considered transactions of the charity. Branch returns were received from 367 of the Trust's branches and regions, representing 94% of the total. Estimated results have been included for those branches from which returns had not been received at the date of preparation of the accounts.
- j) **Pension costs**  
The charity as an employer contributes to personal pension plans of its employees. The contributions are set at 5% of gross salary and are available to all employees whose contracts are permanent and who have completed three months service with the charity. Contributions are charged to the statement of financial activities of the year in which they are payable to the plans.

## 1 Grants receivable

	Unrestricted funds			Total	Total
	General	Designated	Restricted	1997	1996
	fund	funds	funds	1997	1996
	£'000	£'000	£'000	£'000	£'000
GROUP & CHARITY					
Department of Health:					
- core	9	-	-	9	11
- breastfeeding promotion	-	-	31	31	40
- training user representatives	-	-	8	8	17
- infant nutrition	-	-	-	-	2
- accessible information and support	-	-	15	15	-
CCIT consumer awareness	-	-	-	-	6
Hull University					
- training user representatives	-	-	-	-	68
North Tyneside Health Trust					
- training user representatives	-	-	12	12	-
Nuffield - ParentAbility babyslings	-	-	-	-	9
North Thames Regional Health Authority - research	-	-	13	13	28
Century Life - research	-	-	-	-	3
Charities Aid Foundation	-	-	5	5	-
Received by local branches	24	-	-	24	37
	<u>33</u>	<u>-</u>	<u>84</u>	<u>117</u>	<u>221</u>

## 2 Fundraising activities &amp; donations

## GROUP

Donations received	113	-	14	127	91
Fundraising activities	1,318	-	-	1,318	1,160
	<u>1,431</u>	<u>-</u>	<u>14</u>	<u>1,445</u>	<u>1,251</u>

## CHARITY

Donations received	112	-	14	126	91
Taxable profits of trading subsidiaries received under deed of covenant	78	-	-	78	63
Fundraising activities	1,318	-	-	1,318	1,160
	<u>1,508</u>	<u>-</u>	<u>14</u>	<u>1,522</u>	<u>1,314</u>

## 3 Results of trading subsidiaries

The National Childbirth Trust owns the entire called up ordinary share capital of three trading companies incorporated in the United Kingdom:

- NCT Trading Limited whose principal activities are to promote the work of the National Childbirth Trust, to obtain sponsorship of activities and events, to produce the membership magazine "New Generation" and to undertake other business activity on behalf of the Trust;
- NCT (Maternity Sales) Limited whose principal activity is the sale of maternity garments and publications;
- NCT Publishing Limited was dormant during the period of these accounts. The publishing and sale of books and magazines was undertaken and financed through a joint venture with Book Production Consultants plc.

NCT Trading Limited and NCT (Maternity Sales) Limited have entered into deeds of covenant whereby they covenant their taxable profit to the National Childbirth Trust.

## 3 Results of trading subsidiaries (continued)

A summary of the results of the trading subsidiaries for the year is given below. Audited accounts will be filed with the Registrar of Companies.

	NCT Trading Limited £'000	NCT (Maternity Sales) Limited £'000	NCT Publications Limited £'000	Total 1997 £'000	Total 1996 £'000
Turnover	384	419	-	803	784
Cost of sales	(313)	(226)	-	(539)	(523)
Gross profit	71	193	-	264	261
Distribution costs	-	(44)	-	(44)	(57)
Administrative expenses	(6)	(134)	-	(140)	(142)
Interest payable	-	(1)	-	(1)	(1)
Net profit	65	14	-	79	61
Amounts covenanted to the National Childbirth Trust	(64)	(14)	-	(78)	(63)
Retained in subsidiary: Accumulated losses	(1)	-	-	(1)	(2)

The balance sheet figures have been consolidated on a line by line basis.

## 4 Direct charitable expenditure

	Unrestricted funds		Restricted funds £'000	Total 1997 £'000	Total 1996 £'000
	General fund £'000	Designated funds £'000			
GROUP & CHARITY					
Services to parents:					
- Antenatal	769	-	-	769	723
- Breastfeeding	197	-	29	226	254
- Postnatal	168	-	-	168	162
- ParentAbility & education	26	-	6	32	30
Campaigning & research	26	-	72	98	111
Information	170	-	-	170	55
Cost of maternity goods sold	173	-	-	173	208
Other	36	-	-	36	31
Exceptional item	-	-	-	-	250
Support costs (see below)	767	-	-	767	631
	2,332	-	107	2,439	2,455
Support costs comprise the following:					
Staff costs	430	-	-	430	390
Depreciation	33	-	-	33	45
Premises & equipment costs	108	-	-	108	99
Postage, stationery & telephone	93	-	-	93	75
Irrecoverable VAT	63	-	-	63	-
Other	40	-	-	40	22
	767	-	-	767	631

In 1996 irrecoverable VAT was included within the relevant expenses.

## 5 Fundraising and publicity

	Unrestricted funds			Total	Total
	General fund	Designated funds	Restricted funds	1997	1996
	£'000	£'000	£'000	£'000	£'000
GROUP AND CHARITY					
Central fundraising	65	-	1	66	29
Branch fundraising	792	-	-	791	690
Central publicity	94	-	8	102	115
Branch publicity	320	-	-	320	342
	<u>1,271</u>	<u>-</u>	<u>9</u>	<u>1,280</u>	<u>1,176</u>

## 6 Management and administration

## GROUP &amp; CHARITY

Committee & meeting costs	258	-	-	258	208
Regional & branch support	33	-	-	33	23
Professional fees	48	-	-	48	24
	<u>339</u>	<u>-</u>	<u>-</u>	<u>339</u>	<u>255</u>

Management and administration expenditure includes the costs of the Consultation Steering Group established by the Council of Trustees to undertake a consultation of members' views on commercial sponsorship and breastfeeding promotion (£17,623) and an Extraordinary General Meeting requisitioned by 56 members (£35,770).

## 7 Staff costs and trustees' remuneration

	1997	1996
	£'000	£'000
Staff costs during the year were as follows:		
Wages and salaries	505	424
Social security costs	48	40
Other pension costs	18	15
	<u>571</u>	<u>479</u>

Staff costs per function were as follows:

Direct charitable expenditure	501	448
Fundraising and publicity	70	31
	<u>571</u>	<u>479</u>

The number of employees who earned £40,000 p.a. or more (including taxable benefits) during the year were as follows:

	1997	1996
£40,001 - £50,000	1	-
The average number of employees including part-time staff, analysed by function was:		
Direct charitable expenditure	28.8	26.0
Fundraising and publicity	3.3	1.3
	<u>32.1</u>	<u>27.3</u>

No member of Council received any remuneration in respect of their services during the year (1996 - £nil). Expenses reimbursed to members of Council during the year were £25,000 (1996 - £27,000).

## 8 Net (outgoing)/incoming resources for the year before transfers

	1997		1996	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net outgoing resources are stated after charging:				
Depreciation of tangible fixed assets	34	33	49	45
Staff costs	571	571	479	479
Auditors' remuneration				
Audit fees	16	8	15	8
Tax and accountancy services	12	8	7	4
Operating lease rentals	46	46	64	64

## 9 Tangible fixed assets

	Charity Freehold property £'000	Charity Office equipment £'000	Charity Total £'000	Trading Subsidiaries Equipment £'000	Group Total £'000
Cost or valuation					
At 1 October 1996	275	192	467	7	474
Additions	-	93	93	-	93
Disposals	-	(14)	(14)	-	(14)
At 30 September 1997	275	271	546	7	553
Cost	-	271	271	7	278
Valuation	275	-	275	-	275
	275	271	546	7	553
Depreciation					
At 1 October 1996	-	134	134	6	140
Charge for year	6	27	33	1	34
On disposals	-	(8)	(8)	-	(8)
At 30 September 1997	6	153	159	7	166
Net book values					
At 30 September 1997	269	118	387	-	387
At 30 September 1996	275	58	333	1	334

The net book value at 30 September 1997 represents tangible fixed assets used for:

Direct charitable expenditure	269	111	380	-	380
Fundraising and publicity	-	5	5	-	5
Management and administration	-	2	2	-	2
	269	118	387	-	387

## Exceptional item

The charity's freehold property was valued as at 1 August 1996 by Hurst Warne Limited, Chartered Surveyors, on an open market value basis in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors. At 30 September 1996 the trustees were of the opinion that the value of the charity's freehold property should be written down to this value resulting in an exceptional item of £250,000 for the year ended 30 September 1996.

The historical cost of the freehold property included above at a valuation of £275,000 was £583,168 and the aggregate depreciation thereon would have been £69,979 (1996 - £58,316).

## GROUP AND CHARITY

## Capital Commitments

At 30 September 1997 the group had no capital commitments (1996 - £nil).

Notes to the accounts 30 September 1997

10 Fixed asset investments

Group undertakings

On 30 September 1997 the National Childbirth Trust owned the entire called up share capital of the following companies, all incorporated in England:

Company	1997 £	1996 £
NCT (Maternity Sales) Limited	6	6
NCT Trading Limited	100	100
NCT Publishing Limited	2	2
	<u>108</u>	<u>108</u>

11 Debtors

	1997		1996	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Amounts due from group undertakings	-	131	-	71
Sundry debtors and prepayments	215	113	198	109
Tax recoverable	54	54	41	31
	<u>269</u>	<u>298</u>	<u>239</u>	<u>211</u>

12 Creditors: amounts falling due within one year

Creditors and accrued expenses	397	242	479	253
Social security and other taxes	20	20	32	32
Deferred income - subscriptions & grants in advance	264	264	298	298
Amounts due to group undertakings	-	-	-	8
	<u>681</u>	<u>526</u>	<u>809</u>	<u>591</u>

13 Restricted funds

The income funds of the charity and the group include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes:

GROUP AND CHARITY	At 1 October 1996 £'000	Movements in funds		At 30 September 1997 £'000
		Incoming resources £'000	Utilised £'000	
Breastfeeding promotion	14	31	28	17
Training maternity services users representatives	25	51	47	29
Choices project	3	13	15	1
ParentAbility	19	5	6	18
Accessible information & support	-	15	3	12
Consumer awareness	4	-	4	-
Infant nutrition	2	-	2	-
Foundation training	-	3	-	3
Fundraising & publicity	-	9	9	-
Other	-	2	2	-
	<u>67</u>	<u>129</u>	<u>116</u>	<u>80</u>



**14 Designated funds****GROUP AND CHARITY**

The income funds of the charity and the group include the following designated funds which have been set aside out of unrestricted funds by the Council for specific purposes:

	At 1 October 1996 £'000	Movements in funds New designations £'000	Utilised/ released £'000	At 30 September 1997 £'000
Fundraiser fund	12	-	12	-
Capital replacement fund	20	-	7	13
Equal opportunities	4	5	1	8
Consultancy development services	-	5	5	-
Shopping list fund	7	-	7	-
Campaigning	-	6	6	-
Services to parents	-	1	1	-
Information - Foundation training	-	7	2	5
Fundraising & publicity	-	11	11	-
Capital - database	-	9	9	-
Management & administration	-	11	11	-
	<u>43</u>	<u>55</u>	<u>72</u>	<u>26</u>

**15 Analysis of net assets between funds**

	Unrestricted funds			
	General and non-charitable trading funds £'000	Designated funds £'000	Restricted funds £'000	1997 Total £'000
<b>GROUP</b>				
Fund balances at 30 September 1997 are represented by:				
Tangible fixed assets	387	-	-	387
Net current assets	365	26	80	471
Total net assets	<u>752</u>	<u>26</u>	<u>80</u>	<u>858</u>
<b>CHARITY</b>				
Fund balances at 30 September 1997 are represented by:				
Tangible fixed assets	387	-	-	387
Investments	1	-	-	1
Net current assets	364	26	80	470
Total net assets	<u>752</u>	<u>26</u>	<u>80</u>	<u>858</u>

**16 Financial commitments****GROUP AND CHARITY**

The charity is committed to payments of £2,655 in the year ending 30 September 1998 under an operating lease which expires between two and five years (1996 - £63,694).

The lease is in respect of office equipment.

**17 Contingent liability**

Following professional advice the Trust terminated contracts which were considered to be unduly onerous and unfair covering a number of photocopiers and fax machines. The total claim against the charity in respect of this early termination at 30 September 1997 amounts to approximately £142,000 of which a provision of £38,333 has been made in these accounts.

The Trustees are vigorously contesting the total of the claim and do not consider any further provision within the accounts is warranted.

**18 Taxation**

The National Childbirth Trust is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

Subsidiary companies which do not have charitable status have entered into deeds of covenant with the National Childbirth Trust under which any taxable profits or surpluses are covenanted to the charity each year.

The charity and group is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules.

**19 Related party transactions**

During the year, The National Childbirth Trust entered into transactions in the normal course of activities with its subsidiaries listed in note 10.