



The National Childbirth Trust

ALEXANDRA HOUSE OLDHAM TERRACE ACTON
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(Limited by Guarantee)

REPORT AND ACCOUNTS
30 SEPTEMBER 1998

Buzzacott



Company Registration Number 2370573
Registered Charity Number 801395

The National Childbirth Trust

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Legal and administrative information 30 September 1998

Council of Trustees:

Barbara Kott, President
Bernadette Matus, Chair
Catherine George, Vice Chair
Tracy Stanton, Honorary Secretary
Barry Nethercott, Honorary Treasurer (appointed 17.9.98)
Jane Walker, Assistant Honorary Treasurer (appointed 17.9.98)
Helen Baker (elected 13.06.98)
Anne Brome Thompson (elected 13.06.98)
Cynthia Clarkson (elected 13.06.98)
Liz Goudie (elected 13.06.98)
Fiona Gray (appointed 17.09.98)
Sue Hanson
Ruth Howard
Margy Hughes (elected 13.06.98)
Julia Morritt (elected 13.06.98)
Sue Saxey
Anne Sherman
Kate Smith (elected 13.06.98)

Senior Executives:

Mary Honeyball, Director
(Catherine Swarbrick, Director resigned on 31.12.98)
Mary Newburn, Head of Policy Research
Shirleyanne Seel, Head of Administration
Raj Thukral, Interim Head of Financial Services
(Peter Brearly resigned on 30.10.98)

Company Secretary:

Tracy Stanton

Auditors:

Buzzacott
Chartered Accountants & Registered Auditors
12 New Fetter Lane
London, EC4A 1AG

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 1998

The Council of Trustees presents the statutory report with the accounts of the National Childbirth Trust ("the Trust") for the year ended 30 September 1998.

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.

Review of the year

1997/1998 was a year of consolidation for the NCT in which the organisation strove to achieve stability following a turbulent period. Trustees concentrated on promoting confidence in and a renewed sense of purpose for the NCT. Specifically during this period the NCT:

- continued to meet the needs of parents through services and support in 380 local branches across the UK thanks to the dedication of volunteer members of the NCT
- began a major review of governance, including a review of the Council of Trustees and its committees, to improve accountability and communication, simplify and modernise organisational structure, and foster closer working practices between different areas of NCT activity
- consulted on commercial relationships and developed and published new policies on Advertising and Sponsorship and Commercial Relationships to clarify NCT's position
- began to develop a Baby Feeding Policy to clarify NCT's position in this sensitive area and to provide a research based, parent centred policy which can inform all NCT activities from training and provision of services to publications and campaigning
- conducted the first phase of the ACCESS project and set up a Fatherhood Development Group to help the NCT develop more accessible services and support for parents
- carried out major campaigning work through the launch of the NCT 10 Point Plan for Maternity Services across the UK, to keep maternity care high up on government agenda, act as a guideline for government policy and influence service provision to benefit all parents; a UK wide "You Can Do It Here" campaign during National Breastfeeding Awareness Week, and several local campaigns to protect existing maternity services
- launched, in conjunction with Luton University, the Diploma of Higher Education in Antenatal Teaching and set up a quality assurance working party to develop and adopt coherent quality assurance systems across the organisation
- published 4 new NCT books in addition to a bookstand magazine, Pregnancy Plus, to enable the NCT to reach a wider audience with information and support
- began to explore partnerships with other organisations and bodies to help the NCT meet the needs of more parents and enhance the reputation and influence of the NCT
- agreed to the separation of ParentAbility, a disabled parents network, from the NCT upon the request of members of the network

Results for the year

Total incoming resources during the year ended 30 September 1998 were £3.9m (1997 £3.8m). This is an increase of 3% and was achieved largely as a result of 20% higher membership subscription income. Profits from the Trust's trading subsidiaries covenanted to the Trust were £54,000 (1997 £78,000).

Total resources expended were £4.3m (1997 £4.06m), an increase of 5.9% compared to the previous year. This increase reflects a sustained growth in direct charitable activities.

Funds held at 30 September 1998 totalled £510,000 (1997 £858,000). All 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.

The freehold interest in Alexandra House, Oldham Terrace, Acton, London W3 6NH was valued by External Valuers, Matthews & Goodman, Chartered Surveyors, as at 4 December 1998 on the basis of Existing Use Value (EUV) in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. An EUV value of £320,000 has been incorporated in these financial statements, resulting in an increase to the net book value of the property as shown in Note 9 of £57,000.

Report of the Council of Trustees 30 September 1998

Reserves policy and future plans

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

Future plans

- major financial review to address NCT's needs for increased funds and lack of reserves
- improved income generation through trading activities
- major membership structure review to develop wider support base for the NCT and generate more guaranteed income
- identify means of reaching more parents with existing services, information and support
- develop new ways of extending postnatal support
- launch a Parents' Helpline with external funding to provide a more comprehensive information and support service for parents
- continue to develop practical support and training for NCT local volunteers to help make volunteer work for the NCT more effective and more enjoyable
- campaign for a UK wide strategy for maternity care
- develop partnerships to increase access to parents and through campaigning and promotion to influence schools curriculum
- continue to review NCT activity, to reaffirm core aims and agree main activities to enable NCT to achieve its aims

The next year will require the goodwill and the practical and financial support of members to enable the NCT to work even harder to meet the needs of parents for information and support during pregnancy, birth and early parenthood.

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. Barry Nethercott, Jane Walker and Fiona Gray were appointed to the Council of Trustees in September 1998, Sue Saxey, Liz Goudie, Helen Baker, Julia Morritt, Margy Hughes, Anne Brome Thompson, Kate Smith and Cynthia Clarkson were elected to the Council of Trustees in June 1998. Jane Langridge, Jane Mason, Janet Neale, Shona Gore, Ruth Stone and Madeline Wang resigned in October 1997, Carole Boyce resigned in November 1997, Magda Sachs resigned in December 1997 and Gill Gyte resigned in February 1998. The Council of Trustees met eleven times in 1997/98.

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

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.

Report of the Council of Trustees 30 September 1998

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.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of the National Childbirth Trust depends not only on its own computer systems, but also to some degree on those of its suppliers and income providers. This could expose the Trust to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain because at least some level of failure may still occur. However, the Council of Trustees believe that they will achieve an acceptable state of readiness and have also provided resources to deal promptly with significant subsequent failures or issues that might arise.

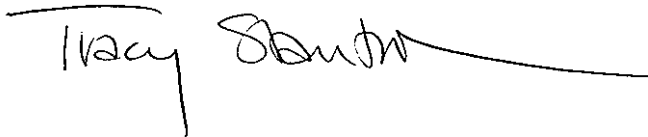
The cost of implementing the action plans will be subsumed into the recurring activities of the National Childbirth Trust and will be expensed as incurred.

Auditors

In accordance with Section 385 of 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
Company Secretary



26 February 1999

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

We have audited the accounts on pages 6 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of freehold property, and the accounting policies set out on page 10.

Respective responsibilities of the Trustees and Auditors

As described on pages 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 1998 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 1AG

26 February 1999

Consolidated statement of financial activities for the year ended 30 September 1998

		Unrestricted funds				
	Notes	General funds	Designated funds	Restricted funds	Total 1998	Total 1997
		£'000	£'000	£'000	£'000	£'000
Income and expenditure						
Incoming resources						
Membership subscriptions		689	-	-	689	572
Grants receivable	1	40	-	70	110	117
Less: Deferred income		-	-	-	-	31
Fundraising activities & donations	2	1,372	-	40	1,412	1,445
Fees from courses & conferences		1,097	-	-	1,097	1,014
Sale of maternity goods		168	-	-	168	184
Advertising in branch newsletters		212	-	-	212	207
Other income receivable		132	-	-	132	102
Interest receivable		44	-	-	44	50
Net income of trading subsidiaries	3	49	-	-	49	79
Total incoming resources		3,803	-	110	3,913	3,801
Resources expended						
Direct charitable expenditure	4					
Services to parents		1,187	-	29	1,216	1,195
Campaigning & research		86	-	33	119	98
Information		283	-	-	283	170
Cost of maternity goods sold		180	-	-	180	173
Other direct expenditure		5	-	16	21	36
Support costs		807	-	-	807	767
		2,548	-	78	2,626	2,439
Other expenditure						
Fundraising and publicity	5	1,341	-	18	1,359	1,280
Management and administration	6	281	-	-	281	339
Total resources expended		4,170	-	96	4,266	4,058
Net (outgoing)/incoming resources for the year before transfers		(367)	-	14	(353)	(257)
Transfers between funds	14	5	(5)	-	-	-
Net (outgoing)/incoming resources for the year	8	(362)	(5)	14	(353)	(257)
Other recognised gains and losses						
Unrealised gain on freehold property		57	-	-	57	-
Net movement in funds		(305)	(5)	14	(296)	(257)
Funds at 1 October 1997		750	26	80	856	1,113
Funds at 30 September 1998		445	21	94	560	856

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

Historical cost net movement in funds

Net outgoing reserves before transfers and gains on assets (353) (257)

Difference between historical cost depreciation and the actual

depreciation charge calculated on the relevant amount (6) (6)

Historical cost deficit for the period before transfers and gains on assets

(359) (263)

Historical cost deficit retained for the period after

transfers and gains on assets (302) (263)

Charity statement of financial activities for the year ended 30 September 1998

		Unrestricted funds				
	Notes	General	Designated	Restricted	Total	Total
		funds	funds	funds	1998	1997
		£'000	£'000	£'000	£'000	£'000
Income and expenditure						
Incoming resources						
Membership subscriptions		689	-	-	689	572
Grants receivable	1	40	-	70	110	117
Less: Deferred income		-	-	-	-	31
Fundraising activities & donations	2	1,426	-	40	1,466	1,522
Fees from courses & conferences		1,097	-	-	1,097	1,014
Sale of maternity goods		168	-	-	168	184
Advertising in branch newsletters		212	-	-	212	207
Other income receivable		132	-	-	132	102
Interest receivable		44	-	-	44	50
Total incoming resources		3,808	-	110	3,918	3,799
Resources expended						
Direct charitable expenditure	4					
Services to parents		1,187	-	29	1,216	1,195
Campaigning & research		86	-	33	119	98
Information		283	-	-	283	170
Cost of maternity goods sold		180	-	-	180	173
Other direct expenditure		5	-	16	21	36
Support costs		807	-	-	807	767
		2,548	-	78	2,626	2,439
Other expenditure						
Fundraising and publicity	5	1,341	-	18	1,359	1,280
Management and administration	6	281	-	-	281	339
Total resources expended		4,170	-	96	4,266	4,058
Net (outgoing)/incoming resources for the year before transfers						
		(362)	-	14	(348)	(259)
Transfers between funds	14	5	(5)	-	-	-
Net (outgoing)/incoming resources for the year		(357)	(5)	14	(348)	(259)
Other recognised gains and losses						
Unrealised gain on freehold property		57	-	-	57	-
Net movement in funds		(300)	(5)	14	(291)	(259)
Funds at 1 October 1997		752	26	80	858	1,117
Funds at 30 September 1998		452	21	94	567	858

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

Historical cost net movement in funds

Net outgoing reserves before transfers and gains on assets	(349)	(259)
Difference between historical cost depreciation and the actual depreciation charge calculated on the revalued amount	(6)	(6)
Historical cost deficit for the period before transfers and gains on assets	(355)	(265)
Historical cost deficit retained for the period after transfers and gains on assets	(298)	(265)

Balance sheets as at 30 September 1998


		1998		1997	
	Notes	Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible assets	9	390	390	387	387
Investments	10	-	1	-	1
		<u>390</u>	<u>391</u>	<u>387</u>	<u>388</u>
Current assets					
Stocks		220	166	244	176
Debtors & prepayments	11	229	235	269	298
Cash at bank and in hand		502	452	639	522
		<u>951</u>	<u>853</u>	<u>1,152</u>	<u>996</u>
Creditors					
Amounts falling due within one year	12a	751	647	683	526
		<u>200</u>	<u>206</u>	<u>469</u>	<u>470</u>
Net current assets					
		<u>200</u>	<u>206</u>	<u>469</u>	<u>470</u>
Total assets less current liabilities					
		590	597	856	858
Creditors					
Amounts falling due after one year	12b	30	30	-	-
		<u>560</u>	<u>567</u>	<u>856</u>	<u>858</u>
Total net assets					
		<u>560</u>	<u>567</u>	<u>856</u>	<u>858</u>
Fund balances					
Charitable funds					
Unrestricted funds					
General funds		452	452	752	752
Designated funds	14	21	21	26	26
		<u>94</u>	<u>94</u>	<u>80</u>	<u>80</u>
Restricted funds	13	<u>567</u>	<u>567</u>	<u>858</u>	<u>858</u>
Non-charitable trading funds					
		<u>(7)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
		<u>560</u>	<u>567</u>	<u>856</u>	<u>858</u>

Approved by the Council of Trustees on 26 February 1999
and signed on its behalf by

Bernadette Matus, Chair



Catherine George, Vice Chair



Consolidated cash flow statement for the year ended 30 September 1998

	Notes	1998 £'000	1997 £'000
Cash outflow from operating activities	(a)	(226)	(463)
Returns on investments and servicing of finance			
Interest received		44	78
Interest paid		(3)	-
Capital expenditure			
Payments to acquire tangible fixed assets		(14)	(93)
Receipts from disposal of tangible fixed assets		12	-
		<u>(187)</u>	<u>(478)</u>
Financing			
Capital element of finance lease rentals		(10)	-
(Decrease) in cash	(b)	<u>(197)</u>	<u>(478)</u>

Notes to the cash flow statement

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

	1998 £'000	1997 £'000
Net outgoing resources before transfers	(353)	(257)
Depreciation charge	56	34
Net loss on disposal of tangible fixed assets	-	6
Interest receivable	(44)	(78)
Interest paid	3	-
Decrease/(Increase) in stocks	24	(10)
Decrease/(Increase) in debtors	40	(30)
Increase/(Decrease) in creditors	48	(128)
Net cash outflow from operating activities	<u>(226)</u>	<u>(463)</u>

(b) Analysis of changes in net funds

	At 1 October 1997 £'000	Cash- flow £'000	At 30 September 1998 £'000
Cash at bank and in hand	639	(137)	502
Debt within one year	-	(20)	(20)
Debt due after one year	-	(30)	(30)
Balance at 30 September 1998	<u>639</u>	<u>(187)</u>	<u>452</u>

	£'000
Decrease in cash in the year	(197)
Capital element of finance lease rentals	10
Change in net debts	<u>(187)</u>
Net debt at 1 October 1997	639
Net debt at 30 September 1998	<u>452</u>

Principal accounting policies 30 September 1998

- a) **Basis of accounting**
The accounts have been prepared under the historical cost convention, as amended by the revaluation of freehold property, 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 on a straight-line basis over the lease term.

Assets held under finance leases are capitalised and depreciated over their useful lives. The corresponding lease obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to the statement of financial activities over the lease at a constant proportions of the outstanding balance of capital repayments.
- 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 329 of the Trust's branches and regions, representing 89.2% 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.

1 Grants receivable

	Unrestricted funds		Restricted funds	Total 1998	Total 1997
	General fund	Designated funds	funds	1998	1997
	£'000	£'000	£'000	£'000	£'000
GROUP & CHARITY					
Department of Health:					
- core	-	-	-	-	9
- breastfeeding promotion	-	-	19	19	31
- training user representatives	-	-	-	-	8
- keeping abreast	-	-	6	6	-
- accessible information and support	-	-	27	27	15
- equal opportunities	-	-	2	2	-
-connect	-	-	2	2	-
North Tyneside Health Trust					
- training user representatives	-	-	1	1	12
North Thames Regional Health Authority - research	-	-	-	-	13
Parentability	-	-	2	2	-
Wates foundation	-	-	11	11	-
Charities Aid Foundation	-	-	-	-	5
Received by local branches	40	-	-	40	24
	<u>40</u>	<u>-</u>	<u>70</u>	<u>110</u>	<u>117</u>

2 Fundraising activities & donations

GROUP

Donations received	64	-	40	104	127
Fundraising activities	1,308	-	-	1,308	1,318
	<u>1,372</u>	<u>-</u>	<u>40</u>	<u>1,412</u>	<u>1,445</u>

CHARITY

Donations received	64	-	40	104	126
Taxable profits of trading subsidiaries received under deed of covenant	54	-	-	54	78
Fundraising activities	1,308	-	-	1,308	1,318
	<u>1,426</u>	<u>-</u>	<u>40</u>	<u>1,466</u>	<u>1,522</u>

3 Net income 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 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 Net income 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 1998 £'000	Total 1997 £'000
Turnover:					
Continuing operations	104	403	-	507	545
Discontinued operations	8	-	-	8	258
Cost of sales	(50)	(210)	-	(260)	(539)
Gross profit	62	193	-	255	264
Distribution costs	-	(70)	-	(70)	(44)
Administrative expenses	(8)	(128)	-	(136)	(140)
Interest payable	-	-	-	-	(1)
Operating profit					
Continuing operations	50	(5)	-	45	78
Discontinued operations	4	-	-	4	1
	54	(5)	-	49	79
Amounts covenanted to the National Childbirth Trust	(54)	-	-	(54)	(78)
Accumulated loss for year	-	(5)	-	(5)	(1)
Retained in subsidiary: Accumulated losses	(2)	(5)	-	(7)	(1)

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

4 Direct charitable expenditure

	Unrestricted funds			Total 1998 £'000	Total 1997 £'000
	General fund £'000	Designated funds £'000	Restricted funds £'000		
GROUP & CHARITY					
Services to parents:					
- Antenatal	823	-	-	823	769
- Breastfeeding	175	-	4	179	226
- Postnatal	185	-	-	185	168
- ParentAbility & education	4	-	25	29	32
Sub-total	1187	-	29	1216	1195
Campaigning & research	86	-	33	119	98
Information	283	-	-	283	170
Cost of maternity goods sold	180	-	-	180	173
Other	5	-	16	21	36
Support costs (see below)	807	-	-	807	767
	2,548	-	78	2,626	2,439
Support costs comprise the following:					
Staff costs	513	-	-	513	430
Depreciation	33	-	-	33	33
Premises & equipment costs	86	-	-	86	108
Postage, stationery & telephone	77	-	-	77	93
Irrecoverable VAT	33	-	-	33	63
IT lease finance costs	22	-	-	22	-
Other	43	-	-	43	40
	807	-	-	807	767

5 Fundraising and publicity

	Unrestricted funds				
	General fund	Designated funds	Restricted funds	Total 1998	Total 1997
	£'000	£'000	£'000	£'000	£'000
GROUP AND CHARITY					
Central fundraising	56	-	18	74	66
Branch fundraising	901	-	-	901	791
Central publicity	82	-	-	82	102
Branch publicity	302	-	-	302	320
	<u>1,341</u>	<u>-</u>	<u>18</u>	<u>1,359</u>	<u>1,280</u>

6 Management and administration

GROUP & CHARITY

Committee & meeting costs	195	-	-	195	258
Regional & branch support	28	-	-	28	33
Professional fees	58	-	-	58	48
	<u>281</u>	<u>-</u>	<u>-</u>	<u>281</u>	<u>339</u>

7 Staff costs and trustees' remuneration

	1998 £'000	1997 £'000
Staff costs during the year were as follows:		
Wages and salaries	509	424
Social security costs	48	40
Other pension costs	15	15
	<u>572</u>	<u>479</u>

Staff costs by function were as follows:

Direct charitable expenditure	535	448
Fundraising and publicity	37	31
	<u>572</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:

	1998	1997
£40,001 - £50,000	1	1

The average number of employees including part-time staff, analysed by function was:

Direct charitable expenditure	29.7	28.8
Fundraising and publicity	3.3	3.3
	<u>33.0</u>	<u>32.1</u>

No member of Council received any remuneration in respect of their services during the year (1997 - £ nil). Expenses were reimbursed to 15 members of Council during the year. There expenses amounted to £18,000 (1997 - £25,000).

8 Net (outgoing)/incoming resources for the year

	1998		1997	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net (outgoing)/incoming resources is stated after charging:				
Depreciation of tangible fixed assets	56	56	34	33
Staff costs	572	572	571	571
Auditors' remuneration				
Audit fees	22	14	16	8
Other services	14	13	12	8
7 Operating lease rentals	1	1	46	46

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 1997	275	271	546	7	553
Additions	-	14	14	-	14
Revaluation	45	-	45	-	45
Disposals	-	(13)	(13)	-	(13)
At 30 September 1998	320	272	592	7	599
Cost	-	272	272	7	279
Valuation	320	-	320	-	320
	320	272	592	7	599
Depreciation					
At 1 October 1997	6	153	159	7	166
Charge for year	6	50	56	-	56
On revaluation	(12)	-	(12)	-	(12)
On disposals	-	(1)	(1)	-	(1)
At 30 September 1998	-	202	202	7	209
Net book values					
At 30 September 1998	320	70	390	-	390
At 30 September 1997	269	118	387	-	387

The net book value at 30 September 1998 represents tangible fixed assets used for:

Direct charitable expenditure	320	63	383	-	383
Fundraising and publicity	-	5	5	-	5
Management and administration	-	2	2	-	1
	320	70	390	-	387

During the year office equipment with a year end net book value of £46,040 was sold and subsequently leased back under a finance lease. Depreciation charged on the equipment held under the finance lease amounted to £11,510 for the year (1997 £ nil).

The freehold interest in Alexandra House, Oldham Terrace, Acton, London W3 6NH was valued by External Valuers, Matthews & Goodman, Chartered Surveyors, as at 4 December 1998 on the basis of Existing Use Value (EUV) in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The trustees are of the opinion that this value of the charity's freehold property should be reflected in the financial statements for the year ended 30 September 1998.

Notes to the accounts 30 September 1998

The historical cost of the freehold property included above at a valuation of £320,000 was £583,168 and the aggregate depreciation thereon would have been £81,642 (1997- £ 69,979).

10 Fixed asset investments

Group undertakings

On 30 September 1998 the National Childbirth Trust owned the entire called up share capital of the following companies, all incorporated in England:

	1998 £'000	1997 £'000
Company		
NCT (Maternity Sales) Limited	6	6
NCT Trading Limited	100	100
NCT Publishing Limited	2	2
	<u>108</u>	<u>108</u>

11 Debtors

	1998		1997	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Amounts due from subsidiary undertakings	-	80	-	131
Sundry debtors and prepayments	202	128	215	113
Tax recoverable	27	27	54	54
	<u>229</u>	<u>235</u>	<u>269</u>	<u>298</u>

12a Creditors: amounts falling due within one year

Creditors and accrued expenses	314	279	399	242
Social security and other taxes	51	36	20	20
Deferred income - subscriptions & grants in advance	366	312	264	264
Obligations under finance leases	20	20	-	-
	<u>751</u>	<u>647</u>	<u>683</u>	<u>526</u>

12b Creditors: amounts falling due after one year

Obligations under finance leases	<u>30</u>	<u>30</u>	<u>-</u>	<u>-</u>
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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:

	Movements in funds			
	At 1 October 1997 £'000	Incoming Resources £'000	Utilised £'000	At 30 September 1998 £'000
GROUP AND CHARITY				
Breastfeeding promotion	17	27	5	39
Training maternity services users representatives	29	1	23	7
Choices project	1	-	-	1
ParentAbility & education	18	13	1	30
Accessible information & support	12	35	33	14
Foundation training	3	-	-	3
Fundraising and publicity	-	18	18	-
Other	-	16	16	-
	80	110	96	94

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:

	Movements in funds		
	At 1 October 1997 £'000	New Designations £'000	Utilised/ released £'000
			At 30 September 1998 £'000
Capital replacement fund	13	-	7
Equal opportunities	8	2	-
Information - Foundation training	5	-	-
	<u>26</u>	<u>2</u>	<u>7</u>
			<u>21</u>

15 Analysis of net assets between funds

	Unrestricted funds		
	General and non-charitable trading funds £'000	Designated Funds £'000	Restricted funds £'000
			1998 Total £'000
GROUP			
Fund balances at 30 September 1998 are represented by:			
Tangible fixed assets	390	-	-
Net current assets	55	21	94
Total net assets	<u>445</u>	<u>21</u>	<u>94</u>
			<u>560</u>
CHARITY			
Fund balances at 30 September 1998 are represented by:			
Tangible fixed assets	390	-	-
Net current assets	62	21	94
	<u>452</u>	<u>21</u>	<u>94</u>
			<u>567</u>

GROUP AND CHARITY

Unrealised losses included above on tangible fixed assets

Unrealised losses at 1 October 1997	(320)	-	-
Gain arising on revaluation in year	57	-	-
Unrealised losses at 30 September 1998	<u>(263)</u>	<u>-</u>	<u>(263)</u>

16 Leasing commitments

GROUP AND CHARITY

Operating leases

The charity has annual commitment under non-cancellable operating leases as follows:

	1998 £'000	1997 £'000
Operating leases which expire:		
Within one year	-	3
Within two to five years	11	-
	<u>11</u>	<u>3</u>

Finance leases

The charity leases certain fixed assets classified as finance leases. The future minimum payments to which the charity was committed at 30 September 1998 were as follows:

	1998 £'000	1998 £'000	1997 £'000	1997 £'000
Payments within one year	25	25	-	-
Payments in two to five years	37	37	-	-
	<u>62</u>	<u>62</u>	<u>-</u>	<u>-</u>
Less: finance charges	(12)	(12)	-	-
	<u>50</u>	<u>50</u>	<u>-</u>	<u>-</u>

The obligations arise as a result of the sale and leaseback of office equipment during the year.

The finance charge for the period amounts to £2,391 (1997 £ nil).

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 1998 amounts to approximately £150,000 of which a provision of £50,000 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 subsidiary undertakings (listed in note 10).