



The National Childbirth Trust

Alexandra House, Oldham Terrace, Acton, London, W3 6NH
Telephone 0870 770 3236

(Limited by Guarantee)

REPORT AND ACCOUNTS

30 SEPTEMBER 2003



Buzzacott

Company Registration Number 2370573

Registered Charity Number 801395

Contents

Pages	1	Legal and administrative information
	2 – 10	Report of the Board of Trustees
	11	Report of the auditors
		Accounts comprising:
	12	Consolidated statement of financial activities
	13	Charity statement of financial activities
	14	Balance sheets
	15	Consolidated cash flow statement
	16-17	Principal accounting policies
	18 – 25	Notes to the consolidated accounts

Legal and Administrative Information 10 March 2004

Board of Trustees:	Gillian Fletcher, President Dorotka Griffin, Chair Anne Dolphin, Vice Chair Anne Brome Thompson, Honorary Secretary Suzanne Grocott, Honorary Treasurer (elected 14 June 2003) Jo Bridgwater Alison Carey Cynthia Clarkson Liz Goudie Richard Hallett Caroline Lofthouse Joy Oxenham Sarah Ross Sara Tomkinson Tanya Tunley Linda Turner <i>(Catherine George and Jill Oliver resigned 14 June 2003, Tracey Sheldrake resigned on 17 January 2004)</i>
Senior Executives:	Belinda Phipps, Chief Executive Anne Spong, Finance Director Diane Emery, Head of Fundraising Mary Newburn, Head of Policy Research Kate Williams, Parent Services Manager Roz Collins, Marketing and Communications Manager
Company Secretary:	Anne Spong
Auditors:	Buzzacott Chartered Accountants & Registered Auditors 12 New Fetter Lane London, EC4A 1AG
Bankers:	Lloyds TSB Bank plc 39 Threadneedle Street London EC2R 8AU
Solicitors:	Trowers & Hamlins Sceptre Court 40 Tower Hill London EC3N 4DX
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 Board of Trustees 30 September 2003

The Board of Trustees presents the statutory report with the accounts of the National Childbirth Trust ('the NCT') for the year ended 30 September 2003.

The report has been prepared in accordance with Part VI of the Charities Act 1993.

The accounts have been prepared in accordance with the accounting policies set out on pages 16 to 17 of the attached accounts and comply with the charitable companies memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice on 'Accounting and Reporting by Charities' issued in October 2000 by the Charity Commission.

Organisation

The Board of Trustees and its Committees are responsible for the policies, activities and assets of the charity. They meet regularly to review developments and make important decisions. The day to day management of the charity's activities and the implementation of policies is delegated to the Chief Executive, members of the Senior Management Team and appropriate personnel at the UK Office, the regions and the branches. Management reporting lines are defined clearly and the Board of Trustees receives regular reports to enable it to fulfil its responsibilities.

Three main Committees report to the board:

- Policy, Research & Campaigns Committee (PRCC)
- Direct Services & Training Committee (DSTC)
- Finance, Fundraising, Membership & Marketing Committee (FFMMC)

These Committees encompass all aspects of the NCT's work and have one or more special interest Panels, Regions and Branches reporting to them as well as relevant departments at UK Office.

The NCT has three commercial companies:

- NCT Publishing Ltd
- NCT Trading Ltd
- NCT (Maternity Sales) Ltd

NCT Trading Ltd and NCT (Maternity Sales) Ltd Gift Aid their profit to the NCT. NCT Publishing Ltd did not trade during the period of these accounts, the publishing and sale of books and magazines was undertaken and financed through a collaboration agreement with Book Production Consultants plc.

Principal aims and activities

The National Childbirth Trust wants all parents to have an experience of pregnancy, birth and early parenthood that enriches their lives and gives them confidence in being a parent.

To achieve this the NCT operates in three main areas:

- We campaign on pregnancy, birth, breastfeeding and postnatal issues;
- We publish and disseminate parent-centred, evidence-based information; and
- We provide support services to parents and health professionals.

In common with many other charities the aims and activities of the National Childbirth Trust have developed over recent years as Society itself has changed and peoples' aspirations and needs have altered. NCT's governing document needs to reflect the way in which the charity's aims and work have changed and the Board of Trustees is currently discussing with the Charity Commission the possibility of widening the objects clause in order to address this issue.

NCT Review of the year October 2002 to September 2003

1) Campaigns

The NCT campaigns to improve maternity care for all new parents and parents-to-be throughout the UK. This is achieved on a local level through our NCT branches and maternity services representatives, and at a national level in each of the four countries by working collaboratively with government departments, lobbying policy makers, and briefing commissioners and providers.

Report of the Board of Trustees 30 September 2003

Major achievements in 2002/2003

The NCT contributed to the reference groups for the Children's National Service Framework (NSF) in England and Wales; in Scotland we contributed to development of Clinical Standards for maternity services led by NHS Quality Improvement Scotland. We responded to the consultation on community-based midwife-led units for Northern Ireland.

The NCT was involved in several lobbying activities and campaigns to improve parents' experiences of pregnancy, birth, breastfeeding and postnatal issues.

- We continued to support and service the Maternity Care Working Party and the All-Party Parliamentary Group (APPG) on Maternity, organising meetings on the reconfiguration of maternity services, breastfeeding and the needs of disabled parents. We hosted the APPG summer reception at the House of Commons which, included awards for the NHS Trusts, with an increased rate of normal births, and the most improved home birth rate.
- We reviewed our campaigning objectives and established a 'strategic objective' for our birth and breastfeeding campaigning: Birth – for women to feel supported to give birth with confidence and dignity, and with every opportunity to experience a straightforward vaginal birth; and Feeding – for women to feel comfortable, confident and supported to breastfeed.
- We launched our Better Birth Environment campaign with a survey of parents' views on the units in which they gave birth. The results of the survey were presented at the NCT conference in June, together with awards for participants' favourite maternity units.
- We produced "Creating a Better Birth Environment" – an audit toolkit to help improve the way that maternity units are designed or refurbished. This formed the basis of several articles in building, architectural and midwifery press.
- We carried out a number of complementary activities during Breastfeeding Awareness Week 2003, including the launch of a thought provoking newspaper advertisement – which reached approximately 10 million people - and a special web site calling for support for breastfeeding from all of society.
- We also worked closely with the Department of Health in England on their new policy recommendation on the duration of exclusive breastfeeding, and saw NCT branches work effectively to organise activities to promote breastfeeding and publicise the NCT Breastfeeding Line.
- We co-operated with the Department of Health in England on the introduction of solid foods, and liaised with the government on implementation of the Healthy Start scheme, which is set to replace the Welfare Foods Scheme across the UK. We also lobbied for international standards on the appropriate labelling of solid foods.
- Working with fellow members of the Baby Feeding Law group – which lobbies for tighter controls over the promotion of formula milks – we established a website enabling users to report breaches of the WHO Code and Resolutions.
- We lobbied against the use of nutrition and health claims on baby foods and milks and produced an evidence-based information sheet on introducing solid foods for babies, which was sent out to all 17,000 health visitors in the UK.
- We sent out 44,000 homebirth information sheets to GPs via GP magazine and achieved positive editorial coverage for homebirths.
- We held several conferences including 'Early Daze', in Scotland, in collaboration with the Royal College of Midwives, which was aimed at improving preparation for and support during the transition to parenthood; 'Preparing and Supporting Women through Childbirth and Beyond', in Belfast, in September; and 'Building for a better birth', a conference for healthcare professionals held on the first day of our annual conference in June.
- We carried out local lobbying throughout the UK to improve or maintain existing NHS services.
- We conducted a telephone survey of NCT MSLC representatives in order to ascertain the level of support they were getting and need from the NCT, the results of which were presented at the Joint Forums in September.
- Working in conjunction with Maternity Alliance, the NCT raised awareness of the new rights on maternity and parental leave.

During 2002/2003, we contributed to the following consultations:

- The DoH 'Fair to all, responsive to you', for England.
- United Kingdom Association for Milk Banking 'Guidelines for the establishment and operation of human milk banks in the UK'.
- Neonatal Intensive Care Review – Strategy for Improvement.
- National Institute for Clinical Excellence (NICE) Antenatal Care Guideline.
- NICE Caesarean Section Guideline 2003/04.

Report of the Board of Trustees 30 September 2003

- NHS Quality Improvement Scotland 3rd Draft of the Best Practice Statement on Examination of the Newborn.
- NHS Scotland – A new public involvement structure for NHS Scotland.
- NHS Scotland draft consultation reforming the NHS complaints procedure – patient focus and public involvement.
- We had a representative on the Scottish Ultrasound in Pregnancy group, and another on the Scottish Woman Held Maternity Record working group.

We produced manifestos for elections in Scotland, Wales and Northern Ireland, outlining key maternity issues.

2) Parent-centred, evidence-based information

Information is provided by the UK office, branches and specialist workers, and includes:

- Books, booklets, magazines, local newsletters, under-five guides, leaflets and fact sheets.
- Website information.
- Research reports and evidence-based briefings.

Major achievements in 2002/2003

- We updated the Policy Directory, which now contains information on documents specific to the four nations as well as the UK as a whole, and includes more material in the evidence-based research section.
- We published new information sheets on straightforward birth, labour and birth in water, and updated and reprinted the home birth and vaginal birth after caesarean (VBAC) information sheets.
- Support for the NCT maternity services representatives and NCT research networkers included rolling out VOICES, DISCERN and CASP training throughout all the NCT regions at regional days.
- We successfully applied for funding from the Community Fund to have a community development worker in Scotland, which will be received in 2003/4.

Again, the NCT has increased the quality and range of information it produces and has been successful in disseminating this information to a wider audience. We: -

- Published new NCT booklets "Labour and Birth in Water" and "Early Days With a New Baby", and reprinted our "Guide to Labour" booklet.
- Produced tear-off sheets showing positioning for breastfeeding.
- Launched pages on our website to enable users to find antenatal and postnatal courses available in their area.
- Restructured and re-launched New Digest, the quarterly NCT magazine for specialist workers.
- Received an increase in the number of callers to the Breastfeeding line from 22,109 in 2001-2002, to 31,226 in 2002-2003.
- Wrote the evidence-based, parent-centred content of *You're Pregnant*, the free NHS magazine for pregnant women.
- We also redesigned Bumps and Babies magazine and increased its distribution from 500,000 to 540,000 pregnant women in the year. The magazine now reaches around 70% of hospitals. In addition, we updated and reprinted four of our 12 free leaflets for health professionals.

3) Support services

Support services are provided by the NCT through its UK-wide network of branches and specialist workers, from staff based at the UK office and via its trading companies, and include:

- Antenatal classes, breastfeeding support (classes, telephone help and one-to-one support), postnatal courses and drop-ins.
- Branch-based events for mothers, fathers, babies and young children.
- A register of parents who have had difficult experiences and who are willing to support others facing similar problems.
- On-line information for booking local antenatal and postnatal courses.
- Specialist support groups (e.g. home births, caesareans).
- Short- and long-term hire of high quality breast-pumps and valley cushions.
- Expert fitters to provide women with comfortable nursing bras.
- Goods (nearly new and new) for parents-to-be, new parents and their babies.

Report of the Board of Trustees 30 September 2003

Major achievements in 2002/2003

- The NCT has focused on improving the quality of existing services and extending its reach to enable a greater proportion of parents and parents-to-be to have the opportunity to benefit from our services. In 2002-3, the charity has focused particularly on reaching young people, disadvantaged groups, those in rural areas and those from ethnic minorities.
- Having been allocated £15,000 breastfeeding promotion funds from Department of Health, for 2003/2004, to develop training for breastfeeding counsellors to train breastfeeding peer supporters, this project is now underway.
- The NCT has developed information on more than 120 topics, to enable our enquiries staff to respond appropriately to callers. Our help line coordinator has provided training to staff on how to use this information and subsequently improve our response to callers' needs.

The NCT has made improvements to both our services to and for parents and our services for healthcare professionals in a number of ways. We have:

- Launched an improved experience register to provide parent-to-parent support for those in especially difficult or unusual circumstances.
- Employed a third coordinator to respond to the increased demand for the experience register.
- Made marked improvements in access for parents to the services we provide.
- Increased the proportion of antenatal teachers, breastfeeding counsellors and postnatal workers providing services to young women, women whose first language is not English and those women living in poverty.
- Seen an increase in the awareness of our charity – 71% of women with a child under one are now aware of the NCT.
- Organised 47 ConNeCT workshops across the UK and in mainland Europe, introducing a new 'Optimal Positions' workshop and leading a 'Dynamic breastfeeding' workshop.
- Operated a service offering house-swap holidays for those with young families.

4) Other areas of activity

NCT special interest support coordinators support parents and advise NCT workers on a range of topics including caesarean births, homebirths, severe morning sickness, premature babies, postnatal depression, breastfeeding in special situations, motherless mothers, pelvic pain and perineal pain.

Coordinators have noticed a significant increase in the number of enquiries they receive, particularly those sent via the NCT website and the website www.caesarean.org.uk. The recently established nct-caesarean e-group is working well, and has prompted the formation of further e-groups nct-caesarean-planning and nct-caesarean-workers.

Future plans 2003-2004

1) Campaigns

We will continue to build on our work to improve the physical environment for birth. We intend to reach three key audiences with specific messages regarding the importance of the birth environment: building professionals, senior midwives (heads of midwifery, consultant midwives, labour ward managers), and user representatives. As part of the Better Birth Environment Campaign, we will:

- Contribute to the NHS Maternity Services Building Notes to be published in spring 2004;
- Prepare for the second of the bi-annual NCT Better Birth Environment Awards.

The NCT will continue to campaign and to provide information and services so that women have the practical support they need to start and continue breastfeeding. In addition we will work to encourage general practitioners (GPs) to improve their support for breastfeeding.

The Breastfeeding Campaign will contribute towards the strategic aim of increasing support for breastfeeding throughout society and will focus on improving support for breastfeeding from GPs.

The UK office will support NCT branches to contribute to Breastfeeding Awareness Week in May 2004, and will work collaboratively with the various government health departments in each of the four countries of the UK to support the agreed themes for the week.

We will distribute "Changes and closures of maternity services in England", a new publication, to all registered maternity services reps and will forward an updated electronic version of Campaigning Effectively to NCT branches and maternity services reps. This will enable them to lobby and campaign effectively for new services and facilities, and to respond to the proposed reconfiguration of services, including threatened closure of local maternity units.

Report of the Board of Trustees 30 September 2003

On 10 November 2003 the NCT and Birmingham Women's Health Care NHS Trust will host 'New directions in parent education', the second Annual Preparing for Parenthood Conference. Later that month, on 27 November 2003 the NCT is holding 'Making Normal Birth a Reality' a conference for midwives, obstetricians, PCT commissioners, maternity services user representatives, antenatal teachers, educators and labour ward attendants. Keynote presentations at this conference will address why normal birth is important and how to change the culture in maternity units to better achieve it. In March 2004, we are holding a conference entitled 'Making Breastfeeding a Reality', aimed at sharing good practice and strategies that work.

A joint NCT/Association of Community Based Maternity Care conference, 'Reconfiguring Maternity Services – National initiatives and local solutions', will take place on 30 January 2004.

The NCT will work towards developing a postnatal policy specifically focused on the first few weeks of life as a parent. The policy will draw on the expertise and perspectives from all sections of the charity and we intend to use external consultants to help facilitate this process. We also intend to recruit a postnatal policy research officer with the appropriate expertise.

We will be involved actively in the Department of Health's "Choice" consultation and lobby for implementation of the recommendations contained in the resulting report. We will also continue to have an active involvement in the development of the Children's and Maternity Services NSFs in England and Wales, both of which are due for publication in Spring 2004.

Through the NSFs, the NCT will lobby for the updating of the Maternity Services Liaison Committee guidelines and website.

We will continue to service the All Party Parliamentary Group on Maternity, and the multi-disciplinary Maternity Care Working Party, which advises the parliamentary group. We plan to host a spring exhibition and a summer reception, both at the Houses of Parliament.

We will continue to lobby for implementation of the World Health Organization (WHO) Code and Resolutions, including the provision of unbiased information for parents who are choosing formula milks, updated labelling of baby foods and better rights for women who are returning to work while breastfeeding.

We will continue to work collaboratively with NICE and contribute to the Antenatal Care Guideline, the drafting and launch of the Caesarean Section Guideline, and to the scoping and development of postnatal care and intrapartum care guidelines. The NCT will be a member of each of the guideline development groups and respond to consultations at every stage.

In Scotland, we will continue to work with NHS Quality Improvement Scotland on the Clinical Standards Maternity Services Group, Routine Ultrasound Scanning before 24 week in pregnancy, The Scottish Women-Held Maternity Record and Maternal History Taking Best Practice Statement.

We will develop and maintain a virtual Welsh region through email networks.

The NCT hopes to conduct a birth survey investigating women's experiences of labour and birth, in order to inform our lobbying and to provide a focus for future campaigns.

We are seeking funding from the Department of Health for the breastfeeding survey, 'Choice and Responsiveness in Breastfeeding Support', again to inform NCT lobbying and provide a focus for future campaigns.

2) Parent-centred, evidence-based information

We will write a new book "*Your baby's first year*" with Mitchell Beazley, which will clearly support normal birth and enable women to make informed choices about their pregnancy and their baby's birth.

Two further books – "*Your Birth Year*" and "*Baby Calming*" – are also scheduled for publication in 2004.

We will continue to build on our series of purple booklets for parents with new titles including "*Birth – what you can do to help yourself*" and "*The third stage of labour*."

We will continue to build on our series of information sheets, updating and reprinting existing titles as necessary and by publishing new titles such as *Fathers and Breastfeeding* and *Sharing a bed with your baby*.

We will continue to work towards increasing the distribution of *Bumps and Babies* magazine to closer to 100% of pregnant women. Aware that English is not the first language of many new parents in the UK, we will find ways to publish our information in suitable formats as well as ensuring that all our material is accessible for people with impairments and disabilities.

We will redesign and develop our membership magazine *New Generation*, and to redesign and relaunch the NCT website.

Report of the Board of Trustees 30 September 2003

We will investigate the opportunities of extending the reach of *New Digest* magazine to appropriate health professional bodies.

The Research Networkers' Panel will submit three proposals for new research to the National Coordinating Centre for Health Technology Assessment. These will help establish a research agenda, which will, in turn, help ensure that research answers the questions of importance to the NCT's beneficiaries.

The NCT is seeking funding from the Department of Health to update and publish a second edition of *Modernising Maternity Care – A Commissioning Toolkit for Primary Care Trusts in England*, in light of the anticipated publication of the National Service Framework for Children and Maternity Services in spring 2004. A seminar to launch the toolkit is scheduled for January 2005.

3) Support services

We aim to obtain external validation for our breastfeeding counselling and postnatal leadership training and re-validation for the diploma course in antenatal education. Building on our considerable successes in this area, we will introduce training for breastfeeding counsellors who will then train breastfeeding peer supporters in low-income areas.

We will consult all of our members about the options for the future organisation of trained specialist workers to identify an improved structure which will be motivational for these workers and which will assist the charity in meeting its charitable objectives.

We will carry out needs assessment within the NHS for the provision of NCT specialist worker support e.g. in the provision of NHS Parentcraft classes and begin to respond to these needs in several regions.

We will extend support to parents in Scotland and have appointed a Community Development Worker to lead a three-year project funded by a grant from the Community Fund.

We will register NCT members who work as local maternity services user representatives and send them an information pack, which will include the NCT Policy Directory. We will send these members regular mailings with policy news, research briefings, current awareness and campaigns updates, and offer training on being an effective user rep, evaluating parent information and understanding research – the latter course being available to all NCT workers.

For a second year we will conduct a formal telephone support survey. We will evaluate annual returns' information on use of NICE clinical guidelines in NHS trusts and aim to publish this information as an article in both an internal and external (midwifery) journal.

We will respond to national consultations in England, Wales, Scotland and Northern Ireland and support NCT branches and maternity services reps working on local consultations, lobbying and campaigns.

We are also planning to conduct preliminary qualitative research on NCT antenatal classes focusing on community support and straightforward vaginal birth, subject to funding from increased NCT membership from parents attending NCT antenatal classes. This work would inform future research to evaluate the effectiveness of NCT antenatal classes.

The NCT will provide access to both 'expert' user representatives and parents with recent experience of pregnancy, birth and early parenthood for research studies and policy projects.

We will maintain and possibly increase the number of workshops we run for health professionals under the NHS ConNeCT umbrella, and will develop new workshops to run alongside the raft of titles previously promoted.

During the year 2003/2004, the NCT will devote time to raising funds from external sources for projects designed to further the charity's strategic plan, and for consultation work.

Funding

The work of the NCT would not have been possible without the funding provided by our 42,000 members and the fundraising work of the 330 NCT branches. We also thank all those individuals who have raised funds for us through events like the Ben Nevis Walk, London Marathon, Flora Light Women's Challenge, British 10K Road Race, parachute jumps, and recycling printer cartridges and mobile phones.

Funding has also been provided by the following commercial companies:

Major sponsors were:

Lever Faberge Ltd. (Persil Non-Bio),

Mamas & Papas Ltd,

Report of the Board of Trustees 30 September 2003

Kodak Easyshare Digital Cameras,
Disney Winnie the Pooh Roo Juice, who sponsored our annual fundraising event, the NCTea Party,
Ford Motor Company Ltd.

Other supporters include:

Spemby Medical Ltd, Vitabiotics Ltd, Bodyclock Health Care, Daval Ltd, Jigsaw Group Ltd, Philips Electronics UK Ltd, Sun Sweet Growers Inc, Insight Music Ltd, The Baby Show, Peterhurst Ltd, Wistbray Tea Ltd, Warburtons Ltd, Scholl, Bare Fruit Productions, Costain Ltd, Clear Channel Entertainment, The Baby Einstein Company, Lamaze International.

Corporate employee membership grew in the financial year – clients include:

Ashridge Management College, Ford Europe, Jaguar, Nissan Motor (GB) Ltd, Renault UK Ltd, Visteon UK Ltd.

The Maurice Fry Charitable Trust continued its regular support for the NCT.

Financial report for the year

The group has continued to improve its financial position recording a surplus of income over expenditure for the fourth year running. The surplus of £394K in 2002/2003 is £89K lower than in 2001/2002. The surplus is lower than in the prior year due to the continuing investment in key areas of the charity's work, yet with the majority of the growth in expenditure being funded by higher income. The growth in income has been achieved through increased trading income from NCT Trading Ltd and NCT (Maternity Sales) Ltd and increased income from antenatal classes, fundraising and membership.

Total incoming resources increased to £6.0m in 2002/2003 from £5.4m in 2001/2002, an increase of £0.6m (11%). The increase was mainly due to an increase of £268K (29%), in income from commercial trading operations (which relates to the sales of the trading companies), £180K (11%) increase from courses and conferences (which principally relates to antenatal classes run by branches), higher fundraising income of £154K (15%) and an increase in membership subscriptions of £89K (9%).

Total resources expended increased to £5.6m in 2002/2003 from £4.9m in 2001/2002, an increase of £0.7m (14%). The increase was due principally to increased expenditure on services to parents of £234K (13%), and increased expenditure by the trading companies of £193K, (23%).

Fundraising surpluses generated by branches and the UK office were £648K (2002 £536K), 56% of fundraising income (2002 54%). Many of the fundraising events held by the branches of the charity have two objectives, to raise funds for the charity, and also to meet the aims of the charity in terms of providing postnatal support for families. Consequently, this dual role increases the cost, and therefore reduces the profitability, of the events.

The surplus of £394K includes the £160K profit from commercial trading and £823K was generated by the branches, the majority of which was contributed to the UK office to fund the national work of the charity and the branch support services.

The reserves policy and financial position

As explained above, the charity carries out a diverse range of activities both through its branch network and its UK office. The Board of Trustees has examined the requirement for free reserves i.e. those unrestricted funds not designated for specific purposes or otherwise committed. The Board of Trustees considers that, given the nature of the charity's work, the level of free reserves should be approximately £1,355K equivalent to three months' annual expenditure on unrestricted funds at any one time. The Board of Trustees is of the opinion that this provides sufficient flexibility to cover temporary shortfalls in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented.

Financial position

The group balance sheet shows total funds of £1,698K. These funds include £165K, which is restricted. These monies have been raised for, and their use restricted for specific purposes, or they comprise donations and grants subject to donor-imposed conditions. Full details of these restricted funds can be found in note 14 to the accounts together with an analysis of movements in the year.

General funds of the group at 30 September 2003 total £1,533K. These funds are represented by tangible fixed assets with a net book value of £322K and 'free reserves' of £1,211K.

Report of the Board of Trustees 30 September 2003

The 'free reserves' fall short of their desired level as set out in the charity's reserves policy above. This shortfall has been taken into account by the Board of Trustees whilst updating its five year financial plan and the Board of Trustees intends to retain £50K over each of the next three years until the target for unrestricted free reserves is achieved.

Risk management

The revised Statement of Recommended Practice (SORP), issued by the Charity Commission in October 2000, includes a requirement that the report of the Board of Trustees should include a statement confirming that the major risks to which the charity is exposed, as identified by the Board of Trustees, have been reviewed and systems have been established to mitigate those risks. (Paragraph 31 (g)) . The Board of Trustees has ensured that the process of identifying, assessing and mitigating risk is linked to the objectives of the NCT; that the process covers key risk areas; and that risk management is ongoing and embedded in management and operational procedures. The process covers all areas of risk- financial, governance, operational and reputational, and is focused primarily on major risks.

The charity's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

Trustees

The members of the Board of Trustees constitute directors of the charity for the purposes of the Companies Act 1985. The individual Trustees are elected by the members of the charity at the Annual General Meeting of the NCT. New Trustees may serve for a period of three years before being required to stand for re-election. No Trustee may serve for more than two consecutive terms of office.

Each Trustee has taken responsibility for monitoring the charity's activities in specific operational areas and constant regard is had to the skills mix of the Trustees to ensure that the Board of Trustees has all the necessary skills required to contribute fully to the charity's development.

Statement of the responsibilities of the Board of Trustees

The Companies Act 1985 requires the members of the Board of Trustees, who are directors for the purpose of that Act, 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 incoming resources and application of resources, including their income and expenditure for that year. In preparing accounts giving a true and fair view the Board 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 Board 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 hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Board of Trustees

A list of members of the Board of Trustees at the date the accounts were approved is given as part of the legal and administrative information on page 1. Trustees are elected by members at the Annual General Meeting of the NCT. Suzanne Grocott was elected in June 2003. Catherine George and Jill Oliver retired in June 2003, and Tracey Sheldrake resigned in January 2004. The Board of Trustees met seven times in 2002/2003. A record of the attendance of individual trustees may be obtained from the charity's registered office on request.

Expenses were reimbursed to 17 (2002 17) members of the Board of Trustees during the year. Their expenses amounted to £14,000 in respect of expenses incurred as a trustee in attending board and related meetings and for regional and branch support and for attending trading company meetings.

Report of the Board of Trustees 30 September 2003

8 trustees were paid £9,000 fees and £3,000 expenses were reimbursed for services provided as tutors, teachers, counsellors, and similar services provided at arms' length. No member of the Board of Trustees had any beneficial interest in any other contract with the charity or its wholly owned subsidiaries during the year.

Details of individual payments may be obtained from the charity's registered office on request.

No member of the Board of Trustees received any remuneration in respect of their services as trustees during the year (2002 - £ nil).

Trustee and employee liability insurance

Trustees and employee liability insurance has been purchased by the Trustees at a cost of £3,000 (2002 - £3,000), as permitted by the Charity Commission and the Memorandum of Association is currently being amended as allowed by Section 310 (3) of the Companies Act 1985.

Employees and volunteers

The Board of Trustees would like to thank all staff, volunteers, members and supporters for their commitment to the vision and work of the charity. We are confident that together we can help the NCT grow so that more parents can benefit from our services, campaigning, information and support.

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 NCT 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

The auditors, Buzzacott, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Approved by the Board of Trustees and signed on its behalf by:



Dorotka Griffin
Chairman
10 March 2004

Report of the Auditors 30 September 2003

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

We have audited the accounts on pages 12 to 25, which have been prepared under the historical cost convention, as modified by the inclusion of freehold property at a valuation and the inclusion of quoted investments at market value, and the accounting policies set out on pages 16 to 17.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described on page 9 the members of the Board of Trustees, who are also the directors of The National Childbirth Trust for the purposes of company law, are responsible for the preparation of the report of the Board of Trustees and accounts in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the Board of Trustees is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We are not required to consider whether the statement in the report of the Board of Trustees concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the report of the Board of Trustees and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 Board of Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether 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 affairs of the charitable company and the group as at 30 September 2003 and of their incoming resources and application of resources, including their income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Buzzacott

Buzzacott, Chartered Accountants and Registered Auditors

12 New Fetter Lane, London, EC4A 1AG

10 March 2004

The National Childbirth Trust

Consolidated statement of financial activities for the year ended 30 September 2003

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
Income and Expenditure					
Incoming resources					
Donations, legacies and similar income					
* Donations		111	1	112	128
* Legacies		4	-	4	97
* Grants receivable	1	3	145	148	149
Activities in furtherance of the charity's objectives					
* Fees from courses and conferences		1,801	-	1,801	1,621
* Grants receivable	1	-	10	10	-
* Membership subscriptions		1,111	-	1,111	1,022
* Other Income receivable		69	-	69	69
Activities for generating funds					
* Fundraising activities		1,155	-	1,155	1,001
* Commercial trading operations	2	1,188	-	1,188	920
* Advertising in Branch Newsletters		313	-	313	287
* Other income receivable		27	-	27	39
Interest receivable		39	-	39	32
Total incoming resources		5,821	156	5,977	5,365
Less: costs of generating funds					
* Fundraising costs	3	507	-	507	465
* Commercial trading operations	2	1,028	-	1,028	835
		1,535	-	1,535	1,300
Net incoming resources available for charitable application		4,286	156	4,442	4,065
Charitable expenditure					
Costs in furtherance of the objectives of the charity					
* Direct services to Parents		1,850	152	2,002	1,768
* Policy, campaigning and research		331	5	336	263
* Information		760	2	762	689
* Publicity		37	3	40	47
* Membership services		251	-	251	213
Support costs	5	473	1	474	425
Management and administration	6	183	-	183	177
Total charitable expenditure		3,885	163	4,048	3,582
Total resources expended		5,420	163	5,583	4,882
Net movement in funds and net income/ (expenditure) for the year					
	7	401	(7)	394	483
Funds brought forward at 1 October 2002		1,132	172	1,304	821
Funds carried forward at 30 September 2003		1,533	165	1,698	1,304

The group has no recognised gains or losses other than those shown above. The movement in reserves is shown above.

Historical cost net movement in funds

Net movement in funds	394	483
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(5)	(5)
Historical cost net movement in funds	389	478

The National Childbirth Trust

Charity statement of financial activities for the year ended 30 September 2003

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
Income and Expenditure					
Incoming resources					
Donations, legacies and similar income					
* Donations		111	1	112	128
* Legacies		4	-	4	97
* Grants receivable	1	3	145	148	149
Activities in furtherance of the charity's objectives					
* Fees from courses and conferences		1,801	-	1,801	1,621
* Grants receivable	1	-	10	10	-
* Membership subscriptions		1,111	-	1,111	1,022
* Other Income receivable		69	-	69	69
Activities for generating funds					
* Fundraising activities		1,155	-	1,155	1,001
* Sales of Maternity Goods		130	-	130	130
* Advertising in Branch Newsletters		313	-	313	287
* Gift Aided income from subsidiaries		166	-	166	69
* Other income receivable		63	-	63	90
Interest receivable		39	-	39	32
Total incoming resources		4,965	156	5,121	4,695
Less: costs of generating funds					
* Fundraising costs	3	531	-	531	493
* Cost of maternity goods sold		133	-	133	143
		664	-	664	636
Net incoming resources available for charitable application		4,301	156	4,457	4,059
Charitable expenditure					
Costs in furtherance of the objectives of the charity					
* Direct services to Parents		1,850	152	2,002	1,768
* Policy, campaigning and research		331	5	336	263
* Information		760	2	762	709
* Publicity		37	3	40	47
* Membership services		251	-	251	213
Support costs	5	486	1	487	428
Management and administration	6	183	-	183	177
Total charitable expenditure		3,898	163	4,061	3,605
Total resources expended		4,562	163	4,725	4,241
Net movement in funds and net income/ (expenditure) for the year	7	403	(7)	396	454
Funds brought forward at 1 October 2002		1,153	172	1,325	871
Funds carried forward at 30 September 2003		1,556	165	1,721	1,325

The charity has no recognised gains or losses other than those shown above. The movement in reserves is shown above.

Historical cost net movement in funds

Net movement in funds	396	454
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	(5)	(5)
Historical cost net movement in funds	391	449

Balance Sheets as at 30 September 2003

	Notes	2003		2002	
		Group £'000	Charity £'000	Group £'000	Charity £'000
Fixed assets					
Tangible assets	9	322	322	313	313
Investments	10	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
		<u>323</u>	<u>323</u>	<u>314</u>	<u>314</u>
Current assets					
Stocks		104	55	88	46
Debtors	11	398	539	329	396
Short-term deposits		900	900	-	-
Cash at bank and in hand		<u>1,309</u>	<u>1,048</u>	<u>1,751</u>	<u>1,513</u>
		<u>2,711</u>	<u>2,542</u>	<u>2,168</u>	<u>1,955</u>
Creditors					
Amounts falling due within one year	12	1,336	1,144	1,178	944
Net current assets		<u>1,375</u>	<u>1,398</u>	<u>990</u>	<u>1,011</u>
Total net assets		<u><u>1,698</u></u>	<u><u>1,721</u></u>	<u><u>1,304</u></u>	<u><u>1,325</u></u>
Fund balances					
Charitable funds					
Restricted funds	14	165	165	172	172
Unrestricted funds	15				
General funds		1,532	1,556	1,112	1,132
Designated funds		<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>
		<u>1,532</u>	<u>1,556</u>	<u>1,133</u>	<u>1,153</u>
		1,697	1,721	1,305	1,325
Non-charitable trading funds		1	-	(1)	-
		<u><u>1,698</u></u>	<u><u>1,721</u></u>	<u><u>1,304</u></u>	<u><u>1,325</u></u>

Approved by the Board of Trustees on 10 March 2004
and signed on its behalf by



Dorotka Griffin, Chairman



Anne Dolphin, Vice Chairman

Consolidated cash flow statement for the year ended 30 September 2003

	Notes	2003 £'000	2002 £'000
Consolidated inflow from operating activities	(a)	455	719
Returns on investments and servicing of finance			
Interest received		41	32
Capital expenditure			
Payments to acquire tangible fixed assets		(38)	(11)
Management of liquid resources	(b)	(900)	-
(Decrease) / increase in cash	(b)	<u>(442)</u>	<u>740</u>

Notes to the cash flow statement

(a) Adjustment of net movement in funds to net cash inflow from operating activities

	2003 £'000	2002 £'000
Net movement in funds	394	483
Depreciation charge	29	46
Interest receivable	(39)	(32)
(Increase)/ decrease in stocks	(16)	(1)
Decrease/ (increase) in debtors	(71)	110
Increase in creditors	158	113
	<u>455</u>	<u>719</u>

(b) Analysis of changes in net funds

	At 1 October 2002 £'000	Cash flow £'000	At 30 September 2003 £'000
Cash at bank and in hand	1,751	(442)	1,309
Liquid resources	-	900	900
	<u>1,751</u>	<u>458</u>	<u>2,209</u>

Principal Accounting Policies 30 September 2003

a) Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the inclusion of the freehold property at a valuation and the inclusion of quoted investments at market value, and in accordance with the requirements of the Companies Act 1985. Applicable United Kingdom accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2000) have been followed in these accounts.

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) Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or when the donor or funder has specified that the income is to be expended in a future accounting period.

Legacies are included in the statement of financial activities when the charity is advised by the personal representative of an estate, that payment will be made or property transferred and the amount involved can be quantified.

Grants from government and other agencies have been included as income from activities in furtherance of the charity's objectives where these amount to a contract for services.

d) Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered.

Resources expended comprise the following:

- ◆ The costs of generating funds include the salaries, direct costs and overheads associated with generating donated income and carrying out commercial trading operations through the charity's subsidiaries.
- ◆ The costs of activities in furtherance of the charity's objectives comprise expenditure on the charity's primary charitable purposes as described in the report of the Board of Trustees. Such costs include:
 - ◆ The cost of direct services to parents including the cost of antenatal classes and related teachers' fees, venue costs and class materials, the costs of breastfeeding support, and the costs of postnatal support and discussion and the cost of training the antenatal teachers, breastfeeding counsellors and postnatal leaders which principally comprises the tutor fees, course materials, and venue costs
 - ◆ The costs of policy, research and campaigning which includes the costs in obtaining the research based information to enable policies to be developed and campaigns to be performed which is research based
 - ◆ The costs of information which principally includes the New Generation magazine and branch newsletters
 - ◆ The costs of membership services, which includes the costs of administering membership and supporting the branch and regional network of volunteers and specialist workers.
- ◆ Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment in a suitable working environment.
- ◆ Management and administration comprises the costs incurred by finance, human resources and directorate departments which are directly attributable to management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Office and property related costs are apportioned on the basis of the proportion of the average number of employees utilised by the activity. Staff costs are allocated in the same proportion as directly attributable staff costs.

e) Gifts in kind

- ◆ Assets donated to the charity for its own use are included in the incoming resources and resources expended at their market value as at the time of the gift
- ◆ Items donated to the charity for resale are included within incoming resources when sold and no value is placed on stock of such items at the year-end.

Principal Accounting Policies 30 September 2003

f) **Tangible fixed assets**

All assets costing more than £200 and with an expected useful life exceeding one year are capitalised.

- ◆ **Functional freehold property**

Freehold properties used for the direct charitable work of the charity are included in these accounts at the valuation in 1998.

Functional freehold properties are depreciated at a rate of 2% per annum on a straight-line basis in order to write the buildings off over their estimated useful economic life to the charity.

- ◆ **Other tangible fixed assets**

Other tangible fixed assets are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

- ◆ Furniture and general office equipment 10% per annum based on cost
- ◆ Computer and similar equipment 33% per annum based on cost

g) **Fixed asset investments**

Listed equities are included in the accounts at their market value as at the balance sheet date. Investments in subsidiary undertakings are stated at net asset value. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

h) **Stocks**

Stocks represent goods for resale and are stated at the lower of cost and net realisable value.

i) **Fund accounting**

Restricted funds are monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies, which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Non-charitable trading funds consist of the retained profits or accumulated losses of activities conducted through non-charitable trading subsidiaries.

j) **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.

k) **Branches**

Branch transactions are considered transactions of the charity. Branch returns were received from 344 of the NCT's branches and regions, representing 97% 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.

l) **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.

m) **Liquid resources**

Liquid resources comprise monies held on short term deposit with a United Kingdom bank.

Notes to the accounts 30 September 2003

1 Grants receivable

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
GROUP & CHARITY				
Department of Health:				
- Breastfeeding counsellor training	-	6	6	23
Home Office: support starter pack	-	25	25	28
Scottish Exec. Health Department:				
Scottish worker training	-	6	6	6
Grants to local branches	3	108	111	90
Other	-	-	-	2
	3	145	148	149
Crawley PCT: Maternity services review	-	10	10	-
	3	155	158	149

2 Commercial trading operations

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 NCT;
- NCT (Maternity Sales) Limited whose principal activity is the sale of maternity clothes and publications;
- NCT Publishing Limited did not trade during the period of these accounts. The publishing and sale of books and magazines was undertaken and financed through a collaboration agreement with Book Production Consultants plc.

NCT Trading Limited and NCT (Maternity Sales) Limited have Gift Aided their taxable profit to the National Childbirth Trust.

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 Publishing Limited £'000	Total 2003 £'000	Total 2002 £'000
Turnover	407	783	-	1,190	911
Cost of sales	(231)	(445)	-	(676)	(543)
Gross profit	176	338	-	514	368
Distribution costs	-	(114)	-	(114)	(68)
Administrative expenses	(85)	(147)	-	(232)	(210)
Interest payable	-	(1)	-	(1)	(1)
Operating profit	91	76	-	167	89
Amounts Gift Aided to the National Childbirth Trust	(90)	(76)	-	(166)	(69)
Accumulated profit for year	1	-	-	1	20
Retained in subsidiary:					
Accumulated losses	-	-	-	-	(1)

Notes to the accounts 30 September 2003

The above figures exclude any consolidation adjustments for inter-group profits/losses, which have been reflected in the statement of financial activities. The accounts figures have been consolidated on a line-by-line basis.

3 Fundraising costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
GROUP				
Central fundraising	92	-	92	76
Branch fundraising	415	-	415	389
	<u>507</u>	<u>-</u>	<u>507</u>	<u>465</u>
CHARITY				
Central fundraising	116	-	116	104
Branch fundraising	415	-	415	389
	<u>531</u>	<u>-</u>	<u>531</u>	<u>493</u>

Many of the fundraising events held by the branches of the charity have two objectives, to raise funds for the charity, and also to meet the aims of the charity in terms of providing postnatal support for families. Consequently, this dual role increases the cost, and therefore reduces the profitability, of the events.

The group central fundraising costs are lower than the charity's central fundraising costs, due to the consolidation adjustment included in the consolidated accounts for the time spent by the charity's fundraising team on commercial fundraising through the subsidiary NCT Trading Limited. This was recharged to NCT Trading Limited as a management recharge.

4 Charitable expenditure

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
GROUP				
Direct services to parents:				
- Antenatal	1,353	38	1,391	1,241
- Breastfeeding support	191	75	266	232
- Postnatal	211	39	250	195
- Apportioned costs of office and shared services	50	-	50	64
- Health professional training	33	-	33	33
- Other	12	-	12	3
Sub-total	<u>1,850</u>	<u>152</u>	<u>2,002</u>	<u>1,768</u>
Policy, campaigning and research	331	5	336	263
Information	760	2	762	689
Publicity	37	3	40	47
Membership services	251	-	251	213
Support costs (note 5)	473	1	474	425
Management and administration (note 6)	183	-	183	177
	<u>3,885</u>	<u>163</u>	<u>4,048</u>	<u>3,582</u>

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
CHARITY				
Direct services to parents:				
- Antenatal	1,353	38	1,391	1,241
- Breastfeeding support	191	75	266	232
- Postnatal	211	39	250	195
- Apportioned costs of office and Shared services	50	-	50	64
- Health professional training	33	-	33	33
- Other	12	-	12	3
Sub-total	1,850	152	2,002	1,768
Policy, campaigning and research	331	5	336	263
Information	760	2	762	709
Publicity	37	3	40	47
Membership services	251	-	251	213
Support costs (note 5)	486	1	487	428
Management and administration (note 6)	183	-	183	177
	3,898	163	4,061	3,605

The group support costs are lower than the charity's support costs, due to the consolidation adjustment included in the consolidated accounts for the time spent by the charity's fundraising team on commercial fundraising through the subsidiary NCT Trading Limited. This was recharged to NCT Trading Limited as a management recharge.

5 Support costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
GROUP				
Staff costs	243	-	243	239
Depreciation	6	-	6	10
Premises and equipment costs	7	-	7	11
Postage, stationery and telephone	17	-	17	17
Irrecoverable VAT	8	-	8	23
Insurance	33	-	33	25
Branch communications and support	87	1	88	72
Other	72	-	72	28
	473	1	474	425
CHARITY				
Staff costs	256	-	256	242
Depreciation	6	-	6	10
Premises and equipment costs	7	-	7	11
Postage, stationery and telephone	17	-	17	17
Irrecoverable VAT	8	-	8	23
Insurance	33	-	33	25
Branch communications and support	87	1	88	72
Other	72	-	72	28
	486	1	487	428

6 Management and administration

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2003 £'000	Total 2002 £'000
GROUP & CHARITY				
Board of Trustees, board committees and working groups	23	-	23	24
Branch/regional committees and Administration	115	-	115	83
Audit fee	18	-	18	18
Other	27	-	27	52
	183	-	183	177

7 Net movement in funds

	2003		2002	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Net movement in funds is stated after charging:				
Depreciation of tangible fixed assets	29	29	46	46
Staff costs (excluding agency staff, note 8)	957	930	783	780
Auditors' remuneration				
Audit fees	26	18	24	18
Other services	1	-	1	-
Operating lease rentals	-	-	1	1

8 Staff costs and remuneration of the Board of Trustees

	2003 £'000	2002 £'000
GROUP		
Staff costs during the year were as follows:		
Wages and salaries	865	704
Social security costs	70	59
Other pension costs	22	20
	957	783
Payments to agency staff	75	109
	1,032	892

CHARITY

Staff costs during the year were as follows:

Wages and salaries	841	701
Social security costs	67	59
Other pension costs	22	20
	930	780
Payments to agency staff	75	109
	1,005	889

Staff costs by function were as follows:

GROUP

Charitable activities	873	761
Fundraising	62	77
Commercial Trading operations	97	54
	1,032	892

CHARITY

Charitable activities	907	761
Fundraising	62	77
Commercial Trading operations	36	51
	1,005	889

Notes to the accounts 30 September 2003

One employee earned between £50,000 and £60,000 p.a. (including taxable benefits) during the year (2002 one). The pension cost for this employee was £3,000 (2002 £3,000).

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

Group and Charity		
Charitable activities	32.2	28.1
Fundraising	2.4	1.3
Commercial trading operations	1.8	1.7
	36.4	31.1

Expenses were reimbursed to 17 (2002 17) members of the Board of Trustees during the year. Their expenses amounted to £14,000 in respect of expenses incurred as a trustee in attending board and related meetings and for regional and branch support and for attending trading company meetings.

8 trustees were paid £9,000 fees and £3,000 expenses were reimbursed for services provided as tutors, teachers, counsellors, and similar services provided at arms' length. No member of the Board of Trustees had any beneficial interest in any other contract with the charity or its wholly owned subsidiaries during the year.

Details of individual payments may be obtained from the charity's registered office on request.

No member of the Board of Trustees received any remuneration in respect of their services as trustees during the year (2002 - £ nil).

Indemnity Insurance

During the year, the charity purchased insurance to protect the charity from loss arising from any wrongful act of any Trustee or employee and to indemnify any trustee or employee against the consequences of any wrongful act on their part. The charity commission has granted permission for the payment of such insurance. The total cover provided by such insurance is £5 million and the total premium paid in respect of such insurance was £3,000 (2002 £3,000).

9 Tangible fixed assets

Group and charity	Freehold Property £'000	Office Equipment £'000	Total £'000
Cost or valuation			
At 1 October 2002	320	240	560
Additions	-	38	38
Disposals	-	(81)	(81)
At 30 September 2003	<u>320</u>	<u>197</u>	<u>517</u>
Cost	-	197	197
Valuation (1998)	<u>320</u>	<u>-</u>	<u>320</u>
	<u>320</u>	<u>197</u>	<u>517</u>
Depreciation			
At 1 October 2002	25	222	247
Charge for year	6	23	29
On disposals	-	(81)	(81)
At 30 September 2003	<u>31</u>	<u>164</u>	<u>195</u>
Net book values			
At 30 September 2003	<u>289</u>	<u>33</u>	<u>322</u>
At 30 September 2002	<u>295</u>	<u>18</u>	<u>313</u>

The freehold property was valued professionally in December 1998 on the basis of Existing Use Value. Having previously adopted the transitional rules of FRS15, a valuation has not been repeated. 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 £139,957 (2002 £ 128,294).

Notes to the accounts 30 September 2003

10 Fixed asset investments

At 30 September 2003, fixed asset investments comprised:

	2003 £	2002 £
Group and charity		
Listed UK equity Abbey National plc	494	515
Investment in group undertakings:		
NCT (Maternity Sales) Limited	6	6
NCT Trading Limited	100	100
NCT Publishing Limited	2	2
	108	108
Total charity investments	602	623

Investments in group undertakings represent the entire called up share capital in the companies listed, all of which are incorporated in England.

The cost of the equity holding in Abbey National is negligible.

11 Debtors

	2003		2002	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Amounts due from subsidiary undertakings	-	307	-	218
Prepayments	64	21	60	16
Trade and branch debtors	231	132	206	114
Tax recoverable	40	40	30	30
Other debtors	63	39	33	18
	398	539	329	396

12 Creditors: amounts falling due within one year

	2003		2002	
	Group £'000	Charity £'000	Group £'000	Charity £'000
Expense creditors (including accrued purchases)	349	251	252	168
Social security and other taxes	61	57	53	43
Deferred income – subscriptions, raffle and grants	775	710	732	619
Accruals	151	126	141	114
	1,336	1,144	1,178	944

13 Leasing commitments

GROUP AND CHARITY

Operating leases

The group and charity have annual commitments under non-cancellable operating leases as follows:

	2003 £'000	2002 £'000
Operating leases which expire within one year	-	1

14 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 2002 £'000	Incoming Resources £'000	Outgoing Resources £'000
GROUP AND CHARITY			At 30 September 2003 £'000
Breastfeeding promotion	17	-	-
Breastfeeding counsellor training	33	6	16
Training maternity services user representatives	4	-	-
Support starter pack (Home Office)	21	25	27
Scottish Executive Health Dept:			
Scottish specialist worker training	3	6	6
Grants and donations received by branches	87	108	106
Other	7	11	8
	172	156	163
			165

15 Unrestricted funds

	Movements in Funds		
	At 1 October 2002 £'000	Incoming Resources £'000	Outgoing Resources £'000
GROUP			At 30 September 2003 £'000
General Funds	1,111	5,821	5,399
Designated Funds			
Capital replacement fund	6	-	6
Equal opportunities	10	-	10
Information - Foundation training	5	-	5
	21	-	21
	1,132	5,821	5,420
			1,533
CHARITY			
General Funds	1,132	4,965	4,541
Designated Funds			
Capital replacement fund	6	-	6
Equal opportunities	10	-	10
Information - Foundation training	5	-	5
	21	-	21
	1,153	4,965	4,562
			1,556

16 Analysis of net assets between funds

GROUP	Unrestricted Funds			2003 Total
	General and Non- Charitable Trading Funds	Designated Funds	Restricted Funds	
	£'000	£'000	£'000	
	£'000	£'000	£'000	
Fund balances at 30 September 2003 are represented by:				
Tangible fixed assets	322	-	-	322
Investments	1	-	-	1
Net current assets	1,210	-	165	1,375
Total net assets	1,533	-	165	1,698

CHARITY

Fund balances at 30 September 2003 are represented by:

Fixed assets	322	-	-	322
Investments	1	-	-	1
Net current assets	1,233	-	165	1,398
	<u>1,556</u>	<u>-</u>	<u>165</u>	<u>1,721</u>

GROUP AND CHARITY

Unrealised losses included above on tangible fixed assets

Unrealised losses at 1 October 2002	(263)	-	-	(263)
Unrealised losses at 30 September 2003	<u>(263)</u>	<u>-</u>	<u>-</u>	<u>(263)</u>

17 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, Gift Aid any taxable profits to the National Childbirth Trust each year.

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

18 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). The charity is exempt from disclosure of these transactions as the subsidiary undertakings are more than 90% controlled within the group. There were no other related party transactions.

19 Post Balance sheet event

During 2004, it is planned to transfer the business and net assets of NCT (Maternity Sales) Ltd and NCT Publishing Ltd to NCT Trading Ltd, to gain synergies of operation.