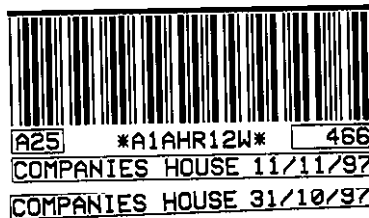


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**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Report of the Directors and Trustees and
Financial Statements**

For the Year Ended 31 December 1996



**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Index to the Financial Statements
For the Year Ended 31 December 1996**

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**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Company Information
for the Year Ended 31 December 1996**

PATRON: Ben Kingsley

PRESIDENT: Professor M Whittle

VICE PRESIDENTS: Lady-Ivar Mountbatten
The Countess of Bradford
Dame Judi Dench
Lorraine Kelly
Dave Willetts
Anne Diamond
Nick Owen
David Moorcroft
Sir Eric Pountain DL
David Duckham MBE
Stuart Linnell MBE

DIRECTORS: Mrs J Ledger (Chairman from 10 October 1996)
J Elliott
I Standing
E Mutton
N Devine

SECRETARY: Mrs S V Wylie

REGISTERED OFFICE: Empathy Enterprise Building
Bramston Crescent
Tile Hill
Coventry
CV4 9SW

REGISTERED NUMBER: 2661760 (England and Wales)

CHARITY REGISTERED NUMBER: 1006457

AUDITORS: KPMG
Chartered Accountants
Registered Auditors
2 Cornwall Street
Birmingham
B3 2DL

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Company Information
for the Year Ended 31 December 1996**

ADVISORS

NATIONAL MEDICAL ADVISORY PANEL:

Professor M Whittle
MD, FRCOG, FRCP (Glas)
Professor of Fetal Medicine

Dr J Bissenden FRCP
Consultant Paediatrician

Ms S Bowman
Obstetrics Inpatient Services Manager

Professor A A Calder
MD, FRCS (Ed), FRCS (Glas), FRCP (Ed), FRCOG
Head of Department of Obstetrics & Gynaecology

Mr CWM Cox FRCS FRCOG
Consultant Obstetrician & Gynaecologist

Mr J Frampton FRCOG
Consultant Obstetrician & Gynaecologist (Retired)

Mr D Gibb MD MRCP FRCOG
Honorary Consultant & Senior Lecturer

Professor D James MA MD FRCOG DCH
Professor of Fetomaternal Medicine

Mr R Settatee FRCOG
Director of CESDI

Mrs B Marshall
Directorate Nurse Advisor &
Professional Head of Midwifery

J M Jenkins MD MRCP
Consultant Senior Lecturer

BUSINESS ADVISORY PANEL:

Mr A Jones OBE
Managing Director TNT UK Limited

Mr I Jones
General Manager Kimberly-Clark Limited

Mr B D Maranta
Chairman London Broncos Rugby League FC

Mr B D MacLaurin MIPR
Managing Director MacLaurin Communications Ltd

Mr R D Parham
Managing Director Peugeot Motor Company PLC

Mr N V Scheele
Chairman & Chief Executive
Jaguar Cars Limited

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Chairman's Report
for the Year Ended 31 December 1996**

1996 was a turbulent year for Baby Lifeline and everyone associated with this very worthwhile charity.

At the beginning of 1996 I, as Baby Lifeline's founder, was the main subject of a prime time BBC Television programme which was watched by millions. The programme outlined Baby Lifeline's work to date and generally carried a very emotive message. As a result of this Baby Lifeline found that the number of voluntary fund raising groups across the UK had risen to forty, which in turn raised the level of donations to their various hospitals.

Then in August 1996, media attention and some ill-formed comment about the charity's affairs flowed from the appointment of Miss Sophie Rhys-Jones as National Events and Projects Consultant. The charity commissioners evaluated the situation and confirmed that in their view, no investigation was necessary because they were satisfied with the conduct of Baby Lifeline. Nevertheless, Miss Rhys-Jones decided to give up her role so that the charity did not have to operate under a media spotlight.

Some good has come from the increased publicity however: we have expanded the number of local groups and formed a Business Advisory Panel. The organisation and purpose of the charity is set out in more detail on page 5. Baby Lifeline also has a trading subsidiary which will be used to increase revenue from product sales as opposed to events and donations.

In August, advised by Baby Lifeline's eminent National Medical Advisory Panel, the first major bursaries and grants were awarded for specialist training, research and education programmes. This particular move has generated a huge amount of medical interest and support and was generally welcomed by the medical professionals in the areas of perinatal medicine.

Applications and meetings with various members of the Government regarding National Lottery and Department of Health funding are taking place, as well as other campaigns to secure core funding. 1997 will see this support in place which will in turn enhance and increase the levels of direct funding to Maternity Services.

I am pleased to report that Baby Lifeline is now well-structured to continue to grow and to fulfil its purpose: to provide supportive funding to purchase vital technology to care for and monitor pregnant mothers and new-born babies, as well as providing funds for specialist education, training and research programmes required by midwives, doctors and the relevant medical professionals.

I am looking forward to a very successful 1997, and have every confidence in the charity's ability to grow into the next Millennium.



Mrs J Ledger
Chairman and Executive Director

- 8 SEP 1997

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Report of the Directors and Trustees
for the Year Ended 31 December 1996**

The directors and trustees present their report with the financial statements of the charitable company for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The charitable company is a registered charity and its principal activity is the raising of funds to provide hospital equipment and training for special care baby and maternity units.

DIRECTORS

The names of the directors are given on page 1. As a company limited by guarantee and a registered charity, the directors are trustees.

REVIEW OF THE YEAR

Further information concerning the charity is set out on page 5.

STATEMENT OF TRUSTEES RESPONSIBILITIES

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing those financial statements, the trustees are required to

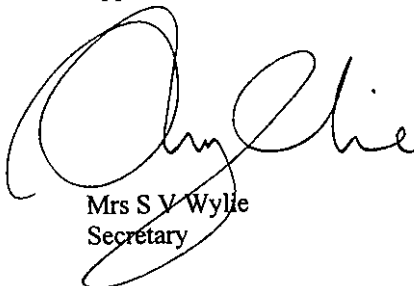
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the Council on **8 SEP 1997** and signed on its behalf by:


Mrs S V Wylie
Secretary

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Objects and General Information about the Charity
for the Year Ended 31 December 1996**

Founded in 1981 by Judy Ledger, Baby Lifeline is a registered national charity which offers support to maternity services all over the UK.

Funds provided, support not only the purchase of vital technology to care for and monitor pregnant mothers and new born babies, but also specialised education, training and research programmes required by the relevant medical professionals in the areas of perinatal medicine.

Even in this age of technology and medical advancement, tragically, more than 7,500 babies die at birth in the UK every year.

Neonatal and obstetric technology has advanced significantly, and many of the problems associated with pregnancy, premature or seriously ill babies can be avoided or helped, with not only the technology to provide the relevant care and detection of such problems, but also the relevant experts who are trained to interpret the information the technology can supply.

The costs for technology are high and quickly outdate. Furthermore constant analysis and proper evaluation of resistant problems, new technologies and new medicines are equally important to ensure that current practices and methodologies are formulated using the best and most up to date information.

Baby Lifeline's work began on a local level following the tragedy of the founder Judy Ledger, losing three babies who were born prematurely and subsequently died as a result.

Over the period of ten years to 1991 the charity raised over one and a half million pounds and purchased technology for three hospitals in the areas of Coventry and Warwickshire.

Since then Baby Lifeline has expanded geographically to become a national organisation supporting maternity services both in the community and hospital environments and striving to complement what the NHS already provides.

Baby Lifeline is organised as follows:

- The head office team based in Coventry, co-ordinates the charity's activities, most of which take place at local level around the UK.
- A National Medical Advisory Panel, led by Professor M Whittle, advises on the projects to be supported and on relevant medical developments.
- A Business Advisory Panel gives the charity a valued link to the commercial sector and to panel members' experience and expertise.
- Around 40 local fund-raising groups, which retain 80% of their funds to benefit local maternity services and pass 20% to head office where half is allocated to the National Medical Advisory Panel and the remainder is allocated to meet running costs.

This mixture of local and national effort, with the involvement of relevant professionals, enables the charity to meet its objectives.

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Report of the Auditors to the Members of
Baby Lifeline Limited**

We have audited the financial statements on pages six to sixteen.

Respective responsibilities of director and trustees

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its net incoming resources for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

KPMG

KPMG
Chartered Accountants & Registered Auditors
2 Cornhill Street
BIRMINGHAM
B3 2DL

Dated: - 8 SEP 1997

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Statement of Financial Activities
For the Year Ended 31 December 1996

	Notes	UNRESTRICTED FUNDS £	RESTRICTED FUNDS £	TOTAL FUNDS 1996 £	TOTAL FUNDS 1995 £
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Donations		42,965	7,969	50,934	50,947
Corporate sponsorship events	13	131,995	-	131,995	75,781
Sundry fundraising events	13	27,147	-	27,147	25,807
Sundry income		4,259	-	4,259	1,053
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL INCOMING RESOURCES		206,366	7,969	214,335	153,588
		<hr/>	<hr/>	<hr/>	<hr/>
RESOURCES EXPENDED					
Direct charitable expenditure	2	14,911	68,547	83,458	28,338
Fundraising and publicity	2	69,102	3,037	72,139	60,566
Management and admin- istration of the charity	2	45,883	-	45,883	31,145
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL RESOURCES EXPENDED	2	129,896	71,584	201,480	120,049
		<hr/>	<hr/>	<hr/>	<hr/>
NET INCOMING/(OUTGOING) RESOURCES BEFORE TRANSFERS		76,470	(63,615)	12,855	33,539
Transfer between funds		(44,311)	44,311	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR		32,159	(19,304)	12,855	33,539
Balances brought forward at 1 January 1996		9,364	34,351	43,715	10,176
		<hr/>	<hr/>	<hr/>	<hr/>
BALANCES CARRIED FORWARD AT 31 DECEMBER 1996		41,523	15,047	56,570	43,715
		<hr/>	<hr/>	<hr/>	<hr/>

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Income and Expenditure Account
For the Year Ended 31 December 1996

	1996 £	1995 £
Gross income of continuing operations	214,335	153,588
Net income of trading subsidiary	-	-
	-----	-----
Total income of continuing operations	214,335	153,588
Total expenditure of continuing operations (as analysed in the Statement of Financial Activities)	(201,480)	(120,049)
	-----	-----
	<u>12,855</u>	<u>33,539</u>

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Group Balance Sheet
31 December 1996

		31 December 1996	31 December 1995
		£	£
	Notes		
FIXED ASSETS			
Tangible assets	4	876	-
CURRENT ASSETS			
Stocks	5	4,048	4,474
Debtors	6	2,908	2,334
Cash at bank and in hand		59,976	49,419
		-----	-----
		66,932	56,227
CREDITORS: Amounts falling			
Due within one year	7	11,238	12,512
		-----	-----
NET CURRENT ASSETS		55,694	43,715
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		56,570	43,715
		=====	=====
RESERVES			
Restricted fund	8	15,047	34,351
Unrestricted fund		41,523	9,364
		-----	-----
	15	56,570	43,715
		=====	=====

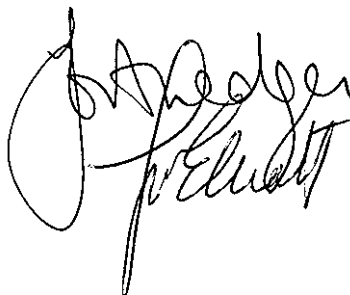
In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the charitable company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE COUNCIL OF MANAGEMENT:

Chairman Mrs J. Ledger

Director J. Elliott

Approved on 8 SEP 1997



The notes form part of these financial statements

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Company Balance Sheet
31 December 1996

		31 December 1996	31 December 1995
		£	£
	Notes		
FIXED ASSETS			
Tangible assets	4	876	-
Investments	10	2	-
CURRENT ASSETS			
Stocks	5	-	4,474
Debtors	6	3,287	2,334
Cash at bank and in hand		57,781	49,419
		-----	-----
		61,068	56,227
CREDITORS: Amounts falling			
Due within one year	7	(5,372)	(12,512)
		-----	-----
NET CURRENT ASSETS		55,696	43,715
		-----	-----
TOTAL ASSETS LESS CURRENT			
LIABILITIES		56,574	43,715
		=====	=====
RESERVES			
Restricted fund	8	15,047	34,351
Unrestricted fund		41,527	9,364
		-----	-----
	15	56,574	43,715
		=====	=====

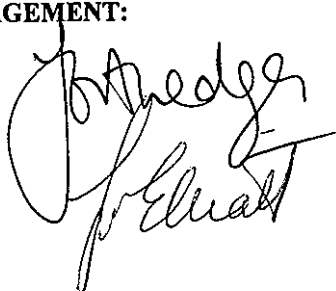
In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the charitable company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE COUNCIL OF MANAGEMENT:

Chairman Mrs J. LEDGER

Director J. ELLIOTT

Approved on - 8 SEP 1997



The notes form part of these financial statements

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Notes to the Financial Statements
for the Year Ended 31 December 1996**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the charitable company qualifies as a small company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment – 25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

VAT

- i) **Company** – As the majority of the charitable company's activities are classified as exempt activities for the purposes of VAT, Baby Lifeline Limited is unable to reclaim all the VAT which it suffers on its purchases. Expenditure in these financial statements is therefore shown inclusive of VAT paid.
- ii) **Subsidiary Undertaking** – This is registered for VAT, therefore income and expenditure has been consolidated net of VAT paid.

Basis of Consolidation

The group accounts consolidate the accounts of Baby Lifeline Limited and its subsidiary undertakings made up to 31 December each year. No profit and loss account is prepared for Baby Lifeline Limited as provided by S230(3) of the Companies Act 1985.

Corporate Sponsorship Events and Sundry Fundraising Events

Income from these sources is recognised in the period in which the event takes place and is stated net of expenditure directly attributable to that event.

Donations and Grants Received

Voluntary contributions and grants are recognised and accounted for in the period in which they are received.

Allocation of Expenditure

Fundraising and publicity expenditure represents the direct costs of fundraising and includes the salaries and other direct costs of fundraising staff. Expenditure of a more general nature such as administration staff salaries and utility costs have been included under Management and Administration of the Charity.

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 December 1996

2. RESOURCES EXPENDED

	1996	1995
Direct Charitable Expenditure		
Purchase of equipment etc	83,458	28,338
	-----	-----
Fundraising & Publicity		
Salaries & social security costs	35,891	45,948
Travelling & accommodation	2,989	178
Motor expenses	6,191	8,443
Sundry expenses	1,405	-
Consultants fees	12,429	-
Advertising & promotions	12,336	5,232
Entertainment	898	765
	-----	-----
	72,139	60,566
	=====	=====
	1996	1995
	£	£
Management & Administration		
Salaries & social security charges	12,659	11,427
Telephone, post & stationery & office expenses	14,777	11,065
Motor expenses	522	734
Sundry expenses	796	667
Auditors remuneration	2,550	1,410
Professional fees	10,306	1,175
Rent & insurance	3,911	4,667
Bank charges	213	-
Depreciation	149	-
	-----	-----
	45,883	31,145
	=====	=====

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 December 1996

ANALYSIS OF TOTAL RESOURCES EXPENDED

	Deprec'n	Staff	Other	1996	1995
	£	Costs	Costs	Total	Total
	£	£	£	£	£
Direct charitable expenditure	-	-	83,458	83,458	28,338
Fundraising & publicity	-	35,891	36,248	72,139	60,566
Management & administration	149	12,659	33,075	45,883	31,145
	----	-----	-----	-----	-----
	149	48,550	152,781	201,480	120,049
	==	=====	=====	=====	=====

The classification of income and expenditure has been altered to present a fairer allocation of overheads. This has necessitated a restatement of comparative amounts.

3. NET INCOMING RESOURCES - Group

This is stated after charging:

	31.12.96	31.12.95
	£	£
Depreciation – owned assets	149	-
Auditors' remuneration	2,550	1,410
	=====	=====
Director's emoluments	22,274	17,632
	=====	=====

4. TANGIBLE FIXED ASSETS – Group & Company

	Office equipment
	£
COST:	
Additions	1,025

At 31 December 1996	1,025

DEPRECIATION:	
Charge for year	149

At 31 December 1996	149

NET BOOK VALUE:	
At 31 December 1996	876
	=====

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 December 1996

5. STOCKS

	Group		Company	
	31.12.96	31.12.95	31.12.96	31.12.95
	£	£	£	£
Stock of merchandise	4,048	4,474	-	4,474
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.96	31.12.95	31.12.96	31.12.95
	£	£	£	£
Debtors	2,908	2,334	3,287	2,334
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.96	31.12.95	31.12.96	31.12.95
	£	£	£	£
Trade creditors	5,008	8,531	-	8,531
Accrued expenses	5,572	3,981	5,372	3,981
VAT	658	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	11,238	12,512	5,372	12,512
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. RESTRICTED FUND – Group & Company

The restricted fund comprises specific donations together with unexpended income allocated to the medical advisory panel.

	31.12.96	31.12.95
	£	£
Brought forward	34,351	22,445
(Outgoing)/Incoming resources	(19,304)	11,906
	<u> </u>	<u> </u>
	15,047	34,351
	<u> </u>	<u> </u>

The medical advisory panel was established to advise the charity of the best utilisation of funds raised.

**Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)**

**Notes to the Financial Statements
for the Year Ended 31 December 1996**

9. SHARE CAPITAL - Company

The charitable company is limited by guarantee and thus does not have a share capital. The council of management of the charitable company may register such persons as they agree as members of the charitable company and the liability of each member toward the debts and liabilities on the winding up of the charitable company is limited to £1.

10. FIXED ASSET INVESTMENTS - Company

The company's investments in the ordinary share capital of unlisted companies at the balance sheet date include the following:

	<u>Percentage Holding</u>	<u>Country of Incorporation</u>
Baby Lifeline Trading Limited	100	England & Wales

Baby Lifeline Trading Limited was incorporated on 19 April 1996 for the purpose of trading in "Baby Lifeline" merchandise and associated activities.

11. RELATED PARTY TRANSACTIONS

Company

A director, Mr E Mutton is trade promotions manager of Kimberley Clark Ltd, a company which provided a total sum of £10,000 of corporate sponsorship during the year to Baby Lifeline Ltd.

Group

A director, Mr E Mutton also undertook the following transactions with the subsidiary undertaking:-

Sale of Merchandise by Kimberly Clark Ltd to Baby Lifeline Trading Ltd	£4,281
--	--------

12. TRANSACTIONS WITH DIRECTORS - Group & Company

Remuneration has been paid and a company vehicle provided to Mrs J Ledger who is a director and chief executive. Exemption has been received from the Charity Commissioners to facilitate this.

**13. CORPORATE SPONSORSHIP AND SUNDRY FUNDRAISING EVENTS
- Group & Company**

	Corporate sponsorship/ Events	Sundry fundraising Events
Gross income	165,450	44,627
Less:		
Attributable expenditure	(33,455)	(17,480)
	-----	-----
	131,995	27,147
	=====	=====

Baby Lifeline Limited and its Subsidiary Undertakings
(Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 December 1996

14. DIRECT CHARITABLE EXPENDITURE – Grants Awarded

The following material grants have been awarded during the year:

University of Dundee	£20,000
	<u> </u>
University of Bristol	£20,000
	<u> </u>
Keele University	£16,772
	<u> </u>

15. RECONCILIATION OF MOVEMENTS IN RESERVES

	31.12.96	31.12.95
	£	£
Surplus for the year	12,855	33,539
	<u> </u>	<u> </u>
NET ADDITION TO RESERVES	12,855	33,539
Opening reserves	43,715	10,176
	<u> </u>	<u> </u>
CLOSING RESERVES	56,570	43,715
	<u> </u>	<u> </u>

16. TAXATION STATUS – Company

As a registered charity the company is not liable to UK Corporation Tax on normal trading activities and is entitled to recover the related income tax paid on donations covenanted to the charitable company.