



BOOK AID
International

RANFURLY LIBRARY SERVICE

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2001

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§1 CONSTITUTION AND OBJECTS

Background

The Ranfurly Library Service was founded by Lady Ranfurly in 1954. Her husband, Lord Ranfurly, was at that time Governor General of the Bahamas and, whilst she was based there, Lady Ranfurly became aware of the desperate shortage of books and decided to do something about it. When they returned to the UK in the early 1960s she was persuaded to expand the service to other parts of the developing world. For over thirty years she devoted her energies to the organisation until ill-health forced her to withdraw from day-to-day operations. She was, however, keenly interested in the progress of the organisation until her death in February 2001. It remains a tribute to her indomitable energy and inspiration.

The Ranfurly Library Service was incorporated as a company limited by guarantee (number 880754, London) on 3 June 1966 and was registered as a charity (number 313869) on 4 July 1966. The company name was changed to *Book Aid International* on 1 January 1994.

Objects

The objects for which the Company is established are to advance education and literacy in developing countries by charitable means.

Book Aid International works in partnership with organisations in developing countries to support local initiatives in literacy, education, training and publishing. We provide relevant books and information to those in greatest need - to enable people to realise their potential and contribute to the development of their communities.

Book Aid International believes:

- ◆ access to books and information is fundamental to education and development;
- ◆ opportunities for learning and self-development should be available to all;
- ◆ in partnerships with local organisations based on mutual respect, common objectives and a long-term commitment to delivering successful programmes;
- ◆ that effective strategic thinking and operational planning depend on active participation by overseas partners, exemplified by the overseas representation on our Council;
- ◆ in local solutions - we provide materials required by our partners to support local development needs;
- ◆ that immediate book and information needs must be met, while at the same time promoting the development of the local book trade.

§2 OTHER LEGAL AND ADMINISTRATIVE INFORMATION

Organisation / method of appointment

The charitable company is administered by a board of trustees, known as the “Council”, of up to 25 members which meets three times annually. In company law, they are the directors. There are sub-committees covering policy and resources (with the delegated powers of the full Council between meetings), fundraising and publicity, and future activities’ development. The chief executive, known as the “Director”, is appointed by the trustees to manage the day-to-day operations of the charity.

By custom, the members of the charitable company are also the members of Council, which itself from time to time appoints new members. Those which are corporate or other legal entities are appointed indefinitely. The appointment of individuals is subject to ratification by election at the annual general meeting (AGM) next following their appointment and they serve until the third next AGM, whereupon they may be re-elected to serve for another three years.

Investment powers

Under the memorandum and articles of association, the charity has the power to make any investment which the trustees see fit.

Members’ interests and related party transactions

One Council member, *viz* Voluntary Service Overseas (VSO), is also a charitable company limited by guarantee. For many years, VSO has made annual unrestricted donations to Book Aid International, and works in close co-operation with it.

Another Council member, the British Council, also co-operates with the charity. Its interests and the charity’s frequently overlap.

Each of the three overseas Council members, all individuals, work for organisations that have benefited from Book Aid International’s activities. The late Rodrick Mabomba was Director of the Malawi National Library Service. Victor Nwankwo is Managing Director of a publishing company, Fourth Dimension Publishing, in Nigeria. Mary Bugembe is the Managing Publisher of the Foundation for the Promotion of Children’s Science Publications in Africa, known as “CHISCI”, an organisation located in Kenya which promotes reading.

Figures for all transactions are disclosed on page 17, in note 8 to the accounts.

Patron, Council members, etc

Patron

HRH The Duke of Edinburgh KG KT OM

President

Hermione, Countess of Ranfurly OBE (*deceased February 2001*)

Council - individual members

Tim Rix CBE † (*Chairman*)
Richard J L Altham MBE † (*Vice Chairman*)
Michael M Freeman FCA † (*Hon Treasurer*)
James Arnold-Baker
Mary H Bugembe (*retired December 2001*)
Geoffrey Guinness
Rodrick S Mabomba (*deceased June 2001*)
Helen Meixner (*appointed March 2001*)
Chief Victor Nwankwo
Diana B Rosenberg MBE
Lady Caroline Simmonds
Julian D Smith (*retired March 2001*)
Anthony Spink
Oliver Stocken (*appointed March 2001*)
Lady Judith Swire †
David A Tate OBE
David Taylor CBE † (*retired March 2001*)
Julian P G Wathen

Council - corporate members

Association of Inner Wheel Clubs in Great Britain and Ireland ^a

The British Council ^b

The Library Association ^c

Voluntary Service Overseas ^d

^a *Represented by Wendy Berners Price*

^b *Represented by Sue Buckwell*

^c *Represented by Sue Brown*

^d *Represented by Dick Bird OBE*

† *Member of the Policy and Resources Committee*

Rotary Observer Chairman of the RIBI International Service Committee

Director Sara Harrity MBE

Company Secretary Peter Jubb

Registered office

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Camberwell
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Fax: 020 7978 8006
Website: www.bookaid.org

Auditors

BDO Stoy Hayward
Chartered Accountants
Emerald House
East Street
Epsom
Surrey KT17 1HS

Bankers

Barclays Bank Plc
Docklands and South London
Medium Business Team
PO Box 35721
Hertsmere House
2 Hertsmere Road
London E14 4WA

Solicitors

Keeble Hawson
Protection House
16-17 East Parade
Leeds LS1 2BR

§3 REPORT OF THE COUNCIL

Review of the year ended 31 December 2001

In 2001 there was a change of emphasis at Book Aid International (BAI) in terms of how we pursue the aim of access to books and information for all in developing countries. For many years our principal concern has been to improve the quality and targeting of services to partner libraries, while supporting the development of the local book trade in the longer term. Over the year we shifted the emphasis to incorporate deeper consideration of the policy environment in which partner libraries operate, and what we can do with partners to mobilise greater in-country support for their work. This is a key objective in our current three year plan. However, meeting immediate book and information needs remains crucial, and much work was done with partner libraries throughout the year to enable access to information for communities in need.

The question of impact of our work was at the forefront as we explored better ways of demonstrating that the organisation is achieving what it sets out to achieve, for example by revision of the data collection forms and by the systematic collection of anecdotal evidence.

In fundraising terms, 2001 proved to be one of the hardest years ever, but we nevertheless exceeded our target. These difficulties prompted detailed work on contingency planning, and we also carried out a thorough risk assessment.

New approaches to sustainable book and information provision – March workshop in Oxford with partners

Recognising that real change in addressing the scarcity of relevant reading materials can only come about as a result of commitment by government, BAI started planning how to work with partner libraries to influence policy and encourage changes that will lead to sustainable book supply in the longer term. A prerequisite is the strengthening of links between local publishers, booksellers and libraries, to develop a strong local infrastructure. An equally important challenge is the active promotion of reading in communities which lack a reading culture.

These were among the themes of a workshop in Oxford in March with representatives from library services and non governmental organisations in Ethiopia, Ghana, Kenya, Namibia, Nigeria and Uganda; the African Publishers Network (APNET); and the Pan African Booksellers Association (PABA). Discussions took place about developing skills in advocating for greater support for library services; a range of relevant stakeholders were identified, from local authorities to local businesses and central government. Being able to show that the provision of books and information really does make a difference is fundamental to such advocacy work.

Another key theme was how opportunities provided by information and communication technology (ICT) could be harnessed by partner organisations to enhance their work. The participants identified practical ways in which BAI could provide support. These included developing an email discussion list for partners to exchange views on selected topics, and providing relevant titles about ICT so libraries were aware of latest developments.

Other areas of activity where BAI and partner organisations would work together were discussed. They included: the revision of BAI's criteria; the development of more formal partner agreements; capacity building and professional development; advocacy, leverage and fundraising; ICT; reading promotion; and the development of a check-list of performance and impact indicators for libraries.

Partnerships

In consultation with partners, we carried out a review of BAI's criteria for support to help target resources more effectively to meet the needs of poor and disadvantaged communities. The review examined where we work in order to ensure that resources are targeted to countries most in need so our work can have maximum impact on development and the reduction of poverty. As a result we decided to withdraw support from 12 countries as of 2003, mainly in the Caribbean and Pacific: Antigua, Anguilla, Belize, British Virgin Islands, Dominica, Grenada, St Kitts and Nevis, Fiji, Solomon Islands, Tonga, Vanuatu and the Maldives.

The second stage examined who we work with. The review resulted in a practical document *Criteria for book aid* which can be applied to all organisations that receive books. The criteria can be applied both to organisations requesting support directly from BAI and also by BAI's distributing partners when considering support in-country.

We started to develop more focussed written agreements with partners, which clearly articulated responsibilities on both sides. This was done face to face with the Public Library Board (PLB) and the Institute of Teacher Education Kyambogo of Uganda at a mini workshop in November in London. We also began to develop a checklist of key questions to guide staff on overseas visits.

A visit to Zimbabwe took place in April to hold a workshop with partners to devise a way forward for the programme after the local co-ordinator had stepped down. A number of partners in different regions of the country were also visited and assessed, some for the first time. A major outcome has been a move towards a more sustainable programme despite the difficult political situation. Two committees, representing different areas of the country, have been set up to be responsible for distribution, and to work together on advocacy and reading promotion. Another visit to Zimbabwe took place in August, primarily to take part in the Zimbabwe International Book Fair (ZIBF) and to learn about developments in the African book chain, meet key players *eg* APNET and PABA, and build our capacity to source appropriate publications from Africa. Advice was sought on the logistics of intra African trade, and samples of titles for possible purchase were obtained.

A visit to Uganda in May assessed changes since the last visit in 1997, in particular the capacity of the PLB to play an increased role in distribution. We held a one day workshop to brief partners on developments at BAI and to discuss ways forward for the programme. Information was also gathered on how partners advocate the importance of libraries and use BAI materials to mobilise resources locally. BAI staff also participated in two stakeholder forums to discuss information issues with members of the community.

Visits from partner organisations in Ghana and Ethiopia were organised to coincide with the BAI Oxford workshop, World Book Day and the London Book Fair. The visits programme included for the first time a representative from a partner organisation from outside Africa (the National Library and Documentation Services Board, Sri Lanka). We also co-financed a short strategic visit for the new Director of Malawi National Library Service. Visits from Nigeria and Zimbabwe were self funded by partner organisations.

Meeting needs

During 2001 BAI made 744,865 books available to meet the needs of partner organisations. Over 85% were provided to 14 core target countries in sub-Saharan Africa. The remainder went to the Caribbean, the Pacific Islands, Asia and the Middle East.

We targeted books at a wide range of organisations working at different levels to support learning and skills development. Over half went to support the work of our main partners, the public library services. As well as benefiting their own networks, the library services distributed books to schools and other organisations, such as community resource centres in rural areas. Books were also provided to vocational and teacher training colleges, universities and institutes of higher education, professional associations, hospital libraries, non-profit/self help groups, and book development organisations. Disadvantaged groups such as women and girls, the disabled and refugees were a particular focus for our support. The Somali Community Literacy Centre, Tanzania Christian Refugee Service, Malawi Council for the Handicapped and the Palestinian Women's Programme were amongst those targeted. Information on HIV/AIDS is a major area of concern and one of the organisations that benefited was the National Aids Control Programme in Tanzania.

One way BAI ensures that books selected are relevant to the needs of users is to enable representatives of partner organisations to select titles for themselves in Camberwell. In 2001, 22 visitors from overseas selected a total of 96,200 books for their organisations. The rest of the books, aside from those provided through specific projects, were selected by BAI librarians with reference to detailed requirements provided by each partner. To improve quality further in order to meet the needs of our target groups, work started on developing new guidelines for book selection including gender awareness criteria.

The new IT system helped us to monitor partners' priorities much more closely than in previous years. Specific publishers were targeted for subject areas in high demand, including adult fiction, secondary school textbooks (for supplementary use), vocational and reference material. The value of donated books which were despatched in 2001 was £3,131k (see Note 5 to the accounts). In those subject areas where we could not meet needs through donated stocks, books were purchased. Overall, £120k was spent directly on book purchase. Of this sum, £57k was spent through UK publishers, from whom discounts averaging 50% were obtained. The remaining £63k was spent on books from African publishers, largely through the Intra African Book Support Scheme (IABSS), and the local purchase project in Zimbabwe, where, despite the very difficult political and economic situation, progress continued to be made. In Zimbabwe the project is supporting the establishment of new community libraries in rural areas and helping to strengthen the local book trade. Work also began on the development of a Librarians Resource Pack to support the professional development of library and information workers.

Through an internal audit we are examining the value of the journals programme; whether print journals are still a priority, as opposed to electronic; and how demand for journals compares to that for books. Partners' answers to a questionnaire will help shape the future of the programme.

The following quotes from report forms and letters received in 2001 illustrate impact:

At Firestone Development Organisation, a community based organisation, Sierra Leone Library Board was able to establish and stock libraries. Women in various skills training found the books very useful and relevant which has resulted in an increase in the number of women graduating with skills like tailoring, art and craft.

Sallieu Turay, Senior Librarian, Sierra Leone Library Board

Receiving the Book Aid materials helped to expand my students' sense of time, distance, culture and realisation that their options for the future are wider than they previously thought.

Rosanne Boyce, VSO, Technical Adviser, Batshireet Co-operative, Mongolia

Review by the Department for International Development (DFID)

In February, Professor Roger Iredale carried out a DFID-commissioned review of BAI. Main areas of focus included the history of BAI's funding relationship with DFID, and the extent to which BAI strategies reflected DFID priorities concerning poverty and reaching the International Development Targets (now known as Millennium Development Goals) that relate to education. The review indicated that BAI should find ways of using its position in countries where it has an established reputation to initiate change, in particular to support partner libraries to put pressure on their governments to mobilise resources locally. It also encouraged BAI to develop more stringent working relationships with its partner libraries, and a more systematic and better geographical concentration of resources. The review formed a favourable impression of the way in which BAI had streamlined its operation since the last DFID-commissioned review in 1998. The review led to an agreement for funding a new project with BAI for the period 2001-2003:

The goal of the project is to promote Education for All (EFA) by developing good quality and sustainable public libraries which are accessible to all. Its overriding purpose is to provide access to relevant books and information for poor and disadvantaged communities.

DFID recognises BAI's proven effectiveness in acquiring books to help local libraries meet information needs. However, it now wishes to see BAI put much greater emphasis on influencing change in the policy environment for books and information in order to establish book access and library development on a more sustainable basis.

Fundraising

Although it was a particularly difficult year, we exceeded the fundraising target by £19k. Total donations for the year were £973k (excluding other income, *eg* interest and book sales) compared with £1,335k in 2000. Trusts and foundations were our strongest source of funds within the year (£445k). A grant of £867k over three years from DFID was confirmed in October. After submitting bids for £1.5m, excluding DFID, we raised £364k in project income which included the Dutch and Danish governments and the Rockefeller Foundation.

Unsuccessful bids marked a trend as funders have required a clearer and greater focus on poverty alleviation. We have set up a new team to respond to these changes and to coordinate the organisational shift BAI is undergoing in light of the changing funding environment. We took steps to increase the range and type of income sources; the same three private funders who gave £280k between them in 2000 (*ie* 20% of income) gave only £15k in 2001. The Fundraising team has been strengthened from three to four. We developed a community fundraising strategy (for schools and individuals), created flexible packages to offer corporate and other funders, and produced targeted publicity materials to support fundraising which includes our first development awareness poster for schools.

We are extremely grateful to all our supporters and volunteers for the donations and assistance given to us in 2001; without this continued support none of BAI's work would be possible.

The financial situation

As described above, 2001 was, financially, a difficult year. We have, therefore, examined ways to reduce expenditure whilst still maintaining the integrity of the organisation. A recruitment freeze was implemented for certain posts and expenditure has been cut back in the 2002 budget.

Total income for the year, excluding gifts in kind, amounted to £1,014k, a decrease of £366k over 2000. Of the total, £299k represented unrestricted income (down £206k on 2000) and £715k was restricted for specific purposes. Total net assets at 31 December 2001 were £891k, a decrease of £130k over 2000. Net assets included freehold property with a book value of £370k, other fixed assets of £16k and net current assets of £505k.

The Department for International Development provided £222k of restricted income in 2001, of which £72k was accrued at the year end. £50k was the final instalment of the 3-year grant committed from April 1998 to March 2001. The remaining £172k was the portion for use in 2001 of the April 2001 to March 2004 grant for the DFID project referred to above.

Also included in restricted income was £87k for the second phase of the Publishing Support Programme, £96k received for the Community Fund (formerly, the National Lottery Charities Board) project, *Community Access to Information*, which will continue until 2003, and £29k for the second year of the three-year Local Purchase project in Zimbabwe. We also received another substantial grant of £88k from the Beit Trust supporting our work in Malawi, Zambia and Zimbabwe. Details of all of our restricted funds and projects can be found in Note 14 to the accounts.

Restricted funds, which were all held in cash, totalled £118k at the year end compared with £103k at the end of 2000. This included one fund, Fundraising / Publicity, which was in deficit by £5½k as expenditure was incurred in the production of a poster for World Book Day 2002 in anticipation of the receipt of restricted income from Pearson Education Ltd early in 2002.

Reserves and risk management

On 30 November 2000, Council revised the free reserves policy. Abridged, this reads as follows:-

The trustees believe that the charity should hold unrestricted free financial reserves because (a) it has no endowment funding and is entirely dependent for income upon donor funding from year to year which inevitably is subject to fluctuation, and (b) it requires protection against, and the ability to continue operating despite, catastrophic or lesser but damaging events. The trustees believe that the minimum level of unrestricted free reserves should be the equivalent of six months' operating costs, and be built up to the desired level in stages consistent with the charity's overall financial position and its need to maintain and develop its charitable activities.

Free reserves at 31 December 2001 were £282k compared with £423k at the end of 2000, a decrease of £141k. This level of reserves is considered to be insufficient and leaves BAI vulnerable to adverse events such as those described in the reserves policy. The current level, however, is still sufficient for the smooth day-to-day running of the charity provided expenditure is very carefully controlled. Our aim in 2002 is to raise funds to meet expenditure and, if possible, start to increase the free reserves towards the desired level of six months' operating costs, currently about £480k.

A year ago, we planned to extend BAI's premises in Camberwell by adding a third floor and to undertake a complete overhaul of the existing office space. At the end of the year £105k of unrestricted funds was still designated for this project. Given the present financial situation, these plans have been dropped and the P&R Committee undesignated these funds in early 2002. With the agreement of funders who provided restricted funds for the project, we hope to make some improvements to the existing space to enhance the working environment in 2002.

The trustees and staff have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to mitigate these risks. Risks were grouped under the following categories: fundraising; personnel; health and safety; physical disaster; compliance; protection of assets; damage to reputation; and financial management. In each case the likelihood and the impact of each risk has been considered and what the appropriate action is, *eg* change of policy, development of a contingency plan, insurance, training of staff, *etc.* A system of ongoing risk assessment has been put in place and will be reviewed annually.

Internal developments

The creation of two separate groups of team leaders, the Internal Planning Group (IPG) and the Programme Development Group (PDG), greatly facilitated the way in which strategic decisions are made at BAI. One of the terms of reference for the IPG is to take decisions on “*the balance between people, resources and activities and to consider available resources in light of organisational change.*” This group has begun to monitor how current activities are being integrated into BAI’s overall programmes to ensure that workloads are distributed as evenly as possible.

BAI was awarded the *Investors in People* Standard in December 1999. We continued to provide relevant training to individuals and took into account the training needs of staff who had increased responsibilities. All training was clearly identified in relation to the objectives. As well as training tailored to individual needs, we held two organisational training activities: a project management workshop attended by all task leaders and an appraisal workshop. A review of internal communications took place to improve existing communications throughout the organisation in light of the changing environment in which BAI now operates.

During the year there were significant developments in BAI’s volunteer programme. We held an open forum in February to discuss its strengths and weaknesses; recommendations included monitoring the effectiveness of the programme by conducting reviews with current volunteers and holding exit interviews.

The future

BAI’s work has taken on a new dimension as we build on our success in supporting partner libraries to meet the information needs of their communities. Putting the revised criteria into practice will sharpen our focus, ensuring that support goes where it will have the most impact, and BAI’s relationships with partner organisations will be strengthened through the articulation of our common objectives in written agreements.

In 2002 we have to strengthen and improve existing activities, while at the same time developing new areas, for example through a series of workshops on advocacy, strengthening the book chain, and monitoring and evaluation.

Equally important is the question of how we describe and communicate these changes to external audiences. The re-vamp of our web site and book development newsletter are two crucial means through which we plan to exchange information with and between partners, and get across new messages to actual and potential supporters.

Finally, the difficulties we encountered raising funds in 2001 make it of paramount importance that we continue to strengthen our overall fundraising capability in order to achieve the successful implementation of our plans.

Directors and members

The directors of the company during 2001 were the President and Council members listed on page 3. The President, Lady Ranfurly, the charity's founder, died peacefully in her sleep during the night of Saturday/Sunday, 10/11 February 2001. No decision has yet been taken, pursuant to clause 51 of the articles of association, whether to appoint a successor. Book Aid International's first overseas Council member, Rodrick Mabomba, died in Malawi on 7 June 2001 after a short battle with meningitis. Three directors, Mary Bugembe, Julian Smith and David Taylor, retired during the year (plus others by rotation, all of whom were re-elected). Helen Meixner and Oliver Stocken were appointed to be directors by the Council at its March 2001 meeting, and their appointments were ratified by election at the annual general meeting held in July 2001.

Throughout 2001, the members of the company were its directors.

Pursuant to clause 44 of the articles of association, the following directors retire by rotation at the Annual General Meeting to be held on 18 July 2002:-

Michael Freeman	—	Appointed 24 April 1991
David Tate	—	Appointed 24 November 1993

Mr Tate will retire. Mr Freeman will offer himself for re-election.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its surplus or deficit for that period. In preparing these accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates which are reasonable and prudent; and
- (c) prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company.

Auditors

The auditors, BDO Stoy Hayward, have indicated that they are willing to continue in office and, in accordance with the provisions of the Companies Act 1985, a motion that they be reappointed will be proposed at the Annual General Meeting on 18 July 2002.

Signed on behalf of the Council



Tim Rix
Chairman

25 April 2002

§4 REPORT OF THE AUDITORS

TO THE MEMBERS OF BOOK AID INTERNATIONAL

We have audited the financial statements of Book Aid International on pages 12 to 21 which have been prepared under the accounting policies set out on pages 14 and 15.

Respective responsibilities of trustees and independent auditors

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' (Directors') Responsibilities on page 10.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 trustees is not consistent with the financial statements, 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 company is not disclosed.

We read the report of the trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the charitable company's state of affairs as at 31 December 2001 and of its incoming resources and application of resources, including income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants & Registered Auditors
EPSOM
25 April 2002

§5 STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2001
Incorporating an Income and Expenditure Account

	See note	UNRESTRICTED £	RESTRICTED £	2001 TOTAL £	2000 TOTAL £
INCOMING RESOURCES					
Donations, legacies, and similar income	3	259,883	713,615	973,498	1,335,383
Gifts in kind (2000 restated)	5	3,131,000	—	3,131,000	3,052,000
Interest receivable		25,219	1,670	26,889	41,628
Book sales and other income		13,954	—	13,954	3,446
TOTAL INCOMING		3,430,056	715,285	4,145,341	4,432,457
RESOURCES EXPENDED					
Cost of generating funds	4	62,926	68,668	131,594	142,135
Activities in furtherance of the charity's objects		235,480	472,418	707,898	896,155
Use of gifts in kind (2000 restated)	5	3,131,000	—	3,131,000	3,052,000
Support costs		120,799	131,821	252,620	254,848
Management and administration		25,117	27,409	52,526	36,405
TOTAL OUTGOING		3,575,322	700,316	4,275,638	4,381,543
NET (EXPENDITURE) / INCOME <i>ie (DEFICIT) / SURPLUS for the year</i>		(145,266)	14,969	(130,297)	50,914
Fund balances brought forward		917,844	103,027	1,020,871	969,957
FUND BALANCES carried forward		772,578	117,996	890,574	1,020,871

All recognised gains and losses are included in the Statement of Financial Activities

All activities during the above two financial years arose from continuing operations

The notes on pages 14 to 21 form part of these accounts


§6 BALANCE SHEET

AT 31 DECEMBER 2001


	See note	At 31-Dec-2001		At 31-Dec-2000	
		£	£	£	£
TANGIBLE FIXED ASSETS	10		385,536		390,033
CURRENT ASSETS					
Debtors	11	98,204		47,057	
Cash at bank and in hand		510,152		655,796	
		608,356		702,853	
CREDITORS					
Amounts falling due within one year	12	103,318		72,015	
NET CURRENT ASSETS			505,038		630,838
TOTAL NET ASSETS			890,574		1,020,871
REPRESENTED BY:					
Unrestricted funds:	13				
Free reserves			282,042		422,811
Designated to building project			105,000		105,000
Fixed assets			245,536		250,033
Revaluation Reserve			140,000		140,000
Total unrestricted funds			772,578		917,844
Restricted funds:	14		117,996		103,027
			890,574		1,020,871

Approved on 25 April 2002

Signed on behalf of the Council:



 Council member — T Rix



 Council member — M M Freeman

The notes on pages 14 to 21 form part of these accounts

§7 NOTES TO THE ACCOUNTS

31 December 2001

1. STATUS

The company is a registered charity (No. 313869) and qualifies for exemption from corporation tax on its charitable activities. It is limited by guarantee and has no share capital. The Memorandum of Association provides that each member is liable to contribute a sum not exceeding one pound in the event of the company being wound up whilst they are a member or within one year of their ceasing to be a member.

The directors of the company are the Council members, and they are the charity's trustees.

2. ACCOUNTING POLICIES

(a) **Accounting convention:** The accounts have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, in accordance with the recommendations of the 2000 Statement of Recommended Practice (SORP) for *Accounting and Reporting by Charities*, on the going concern basis and in accordance with applicable accounting standards.

(b) **Cash flow:** The accounts do not include a cash flow statement because Book Aid International, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 (FRS1) *Cash Flow Statements*.

(c) Tangible fixed assets

Revaluation of land and buildings

FRS15 *Tangible Fixed Assets* requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this freehold land and buildings are subject to a full revaluation every five years with an interim valuation carried out in the third year of this cycle. The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised surplus is transferred from the revaluation reserve to free reserves.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual value, of all tangible fixed assets, evenly over their expected useful lives. This does not apply to items costing less than £1,500 or which have a life expectancy of three years or less, to investment properties, or to freehold land and certain buildings. It is calculated at the following rates:

Furniture and non-computer equipment	20 % <i>per annum on cost</i>
Computer equipment	25 % <i>per annum on cost</i>
Warehouse shelving	10 % <i>per annum on cost</i>
Warehouse trolleys, yard gates	12½% <i>per annum on cost</i>

It is the charity's practice to maintain freehold buildings in a continual state of sound repair. Accordingly, the trustees consider that the lives of these assets and their residual values, based on prices prevailing at the time of their acquisition or subsequent revaluation, are such that their depreciation would not be material. Provision will be made should any impairment in the value of these properties occur.

(d) **Income:** All income, including grants and donations, is credited to income when receivable unless it is specifically related to activities to be carried out in a future year, in which case it is carried forward as deferred restricted income. Tax recoverable on a donation is credited to income in the year in which the donation is received. The valuation of donated books which were distributed in the year is based upon an estimate of their value to the charity, *ie* what we would have to spend hypothetically were we to attempt to purchase the books locally.

(e) **Expenditure:** Expenses are accounted for on an accruals basis.

(f) **Resources expended on the cost of generating funds, activities in furtherance of the charity's objects, use of gifts in kind, support costs, and management & administration:** Staff costs are apportioned according to estimated time spent in the relevant area of activity. Other costs are allocated directly to relevant areas or, where this would be inappropriate, their allocation is based upon the apportionment of staff costs.

(g) **Fund accounting:** *Unrestricted funds* comprise those moneys which may be used towards meeting the charitable objectives of Book Aid International at the discretion of the trustees. Apart from fixed assets, the funds consist of *free reserves* and *designated funds*:-

Free reserves are that part of the charity's funds freely available for its general purposes.

Designated funds are unrestricted funds which, by an administrative act of the trustees, have been earmarked for

a particular project or use without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.

The *Revaluation Reserve* arose following revaluation of the company's freehold premises (note 10).

Restricted funds are moneys raised for, and their use restricted to, specific purposes or subject to donor-imposed restrictions.

- (h) **Leased assets:** Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to expenditure as they occur. See also note 16.

3. DONATIONS, LEGACIES, AND SIMILAR INCOME

	Unrestricted	Restricted	2001 Total	2000 Total
	£	£	£	£
Cash income by type of donor:				
Charitable Trusts	103,140	341,733	444,873	514,667
Governments	1,064	308,007	309,071	442,662
Companies	24,659	62,554	87,213	204,821
Community Sources	57,735	500	58,235	126,120
Individuals	73,285	821	74,106	47,113
	259,883	713,615	973,498	1,335,383
Gifts in kind (2000 restated, see note 5):	3,131,000	—	3,131,000	3,052,000
	3,390,883	713,615	4,104,498	4,387,383

4. RESOURCES EXPENDED

	Cost of generating funds £	Furtherance of charitable objects £	Use of gifts in kind £	Support costs £	Management & administration £	2001 Totals £	2000 Totals £
Staff costs:	106,472	477,544	—	167,438	39,469	790,923	746,564
Shipping & despatch & book disposal:	—	93,223	—	—	—	93,223	85,090
Book buying & local purchase activity:	—	132,607	—	—	—	132,607	312,603
Fundraising and PR:	6,954	420	—	—	—	7,374	38,537
Unrecoverable VAT:	2,516	—	—	—	—	2,516	7,020
Audit, bank, legal:	—	—	—	—	8,763	8,763	11,524
Gifts in kind (note 5):	—	—	3,131,000	—	—	3,131,000	3,052,000
Other costs:	15,652	4,104	—	85,182	4,294	109,232	128,205
Totals:	131,594	707,898	3,131,000	252,620	52,526	4,275,638	4,381,543
2000:	142,135	896,155	3,052,000	254,848	36,405	—	4,381,543

"Staff costs" above includes staff and volunteer recruitment, training, travel and subsistence expenses, and the costs of external consultants, which are not included as "Employee costs" in note 6.

5. GIFTS IN KIND AND VOLUNTARY HELP

During the year, over one million new and second-hand books were donated. Most were collected and delivered free of charge thanks to Rotary clubs and other donors. Many voluntary helpers assisted with collecting books throughout the UK, with sorting, stamping and packing books in our warehouse, and with administrative, fundraising and publicity tasks. During the year, 3,001 cases of books were despatched (2000 = 3,002), and discounted freight was provided by many shipping companies. When grants were used to buy books, this usually was done at a substantial discount. Furthermore, John Swire & Sons Limited provided BAI's Council and its committees with meeting rooms and refreshments. In 2000, UK delivery of donated books, freight discounts, and book purchase discounts were valued as donations in kind. In accordance with the new SORP, no monetary value has been placed on these very valuable resources in 2001. The overall figure for 2000, therefore, has been restated.

At the end of the year there were approximately £645k of undistributed donated books in our warehouse.

	Value per book	Number of books	2001 Total value*	2000 Total value* (restated)
Value of donated books distributed				
Adult fiction, non-fiction	£5.30	111,921	£593,000	£428,000
Primary texts & children's	£2.12	376,294	£798,000	£628,000
Secondary texts	£2.29	96,342	£221,000	£238,000
Tertiary, law and medicine	£10.61	143,159	£1,519,000	£1,758,000
			£3,131,000	£3,052,000

* NB: Figures are rounded

6. EMPLOYEE COSTS

	2001	2000
Wages and salaries	636,402	584,848
Employer's NI contributions	55,234	54,388
Other pension costs	29,311	20,815
	£720,947	£660,051
Average number of employees involved in . . .		
Projects and programmes	25½	25½
Support for the above	4	4½
Fundraising and publicity	4	3
Administration	½	½
	34	33½
Number of employees earning over £50,000 <i>pa</i>	Nil	Nil

7. OTHER PENSION COSTS

The company contributes to a defined contribution pension scheme administered by the Pensions Trust, an independent company. The pension cost charge indicated in note 6 represents the contributions payable by the company to the fund for the year. There were outstanding contributions of £4,563 (2000 = £4,472) as at the balance sheet date, which are accrued as expenditure.

8. COUNCIL MEMBERS' REMUNERATION, EXPENSES, AND RELATED PARTY TRANSACTIONS

Members of Council received no remuneration during the year (2000 = £nil). Travel and subsistence expenses reimbursed to, or paid on behalf of, two trustees and one observer stand-in who travelled to meetings from Africa totalled £10,095 for seven attendances in 2001 (2000 = £10,727 for eight such attendances). Expenses reimbursed to one UK-based Council member totalled £41 in 2001 (2000 = £367 to two UK members). So, Council members' total expenses = £10,136 (2000 = £11,094). Members' interests and related party transactions are outlined on page 2. The figures relating to those transactions are as follows:-

Council member VSO donated the sum of £10,000 to BAI during the year (2000=£10,000). Under BAI's VSO programme, organisations throughout the world employing VSO volunteers received books from BAI.

In 2001, 45,128 books were donated by the charity to the Malawi National Library Service, the former employer of the late Rodrick Mabomba, Council member (2000 = 48,992 books).

In 2001, the charity purchased 115 books, costing £985, which had been published by Fourth Dimension Publishing. The Managing Director of this company is Council member Victor Nwankwo. 2000 figures are unavailable.

In 2001, the charity donated no books to CHISCI, the organisation managed by Council member Mary Bugembe (2000 = 3,854 books).

With the above exceptions, all Council members have signed declarations stating that they have no interests in, nor are aware of any related party transactions with, Book Aid International.

9. AUDITORS' REMUNERATION

Auditors' remuneration (accrued as expenditure as at the balance sheet date) for the annual overall audit was £5,000 (2000 = £5,051), for special project audits was £650 (2000 = £2,066), and their fees for other services were £nil (2000 = £nil).

10. TANGIBLE FIXED ASSETS

	Freehold property*	Furniture and equipment	Plant and machinery	Totals
	£	£	£	£
Cost/valuation:				
At 1 January 2001	370,000	54,770	10,505	435,275
Additions during the year . .	—	—	—	0
Disposals during the year . .	—	(23,185)	—	(23,185)
	370,000	31,585	10,505	412,090
Accumulated depreciation:				
At 1 January 2001 . . .	—	43,418	1,824	45,242
Disposals during the year . . .	—	(23,185)	—	(23,185)
Charge for the year . . .	—	3,184	1,313	4,497
	—	23,417	3,137	26,554
Net book value:				
At 31 December 2001 . . .	£370,000	£8,168	£7,368	£385,536
At 31 December 2000 . . .	£370,000	£11,352	£8,681	£390,033

* The original (1987) cost of the charity's freehold premises in Coldharbour Lane, Camberwell was £230,000. The premises have been twice revalued, in 1993 and in 1998, by Messrs Andrews and Robertson, Chartered Surveyors, Camberwell, London SE5. The revaluations give current open market valuations of the freehold interest in the charity's property.

The trustees, having undertaken an informal valuation, believe that although the value of the premises will have increased since the 1998 valuation the amount will not be material. Consequently, formal revaluation may wait until the year in which it is intended to be done, viz 2003.

See note 2.(c) on page 14 for a description of depreciation policies.

11. DEBTORS

	At 31-Dec 2001 £	At 31-Dec 2000 £
Accrued income - donations	76,870	15,000
Accrued income - interest	11,440	13,295
Income tax recoverable	4,065	5,534
VAT recoverable	2,764	9,434
Other debtors and prepayments	3,065	3,794
	98,204	47,057

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31-Dec 2001 £	At 31-Dec 2000 £
Trade creditors	75,299	41,779
Staff tax, social security, and pensions	20,591	20,193
Other creditors and accruals	7,428	10,043
	103,318	72,015

13. MOVEMENTS IN UNRESTRICTED FUNDS

	Balance 1 Jan 2001 £	Incoming resources £	Outgoing resources £	Transfers £	Balance 31 Dec 2001 £
Free reserves	422,811	3,430,056	(3,570,825)	—	282,042
Designated funds¹	105,000	—	—	—	105,000
Fixed assets	250,033	—	(4,497)	—	245,536
Revaluation Reserve	140,000	—	—	—	140,000
	917,844	3,430,056	(3,575,322)	—	772,578

¹ In 2000, the trustees designated some unrestricted funds for use towards premises improvement. It was agreed that £125,000 would be a suitable 'start-up figure' for the otherwise restricted Building Appeal Fund (see note 14) launched at a special fundraising event held in November 2000. As this fund at that time contained £20,000 of restricted funding donated before the start of that year, the amount of unrestricted funding so designated was £105,000. The trustees made no change during 2001. On 21 March 2002, however, the Policy and Resources Committee undesignated the £105,000 because of changed plans (see page 8), so increasing free reserves by this amount.

14. MOVEMENTS IN RESTRICTED FUNDS

RESTRICTION:-	Balance 1 Jan 2001	Incoming resources	Outgoing resources	Notes	Balance 31 Dec 2001
COUNTRY / REGION :-	£	£	£		£
Southern Africa	23,685	88,000	(81,515)	¹	30,170
Africa / rest of the world	—	221,750	(221,750)	²	—
Africa	—	89,324	(85,324)	³	4,000
Rest of the world	—	25,728	(18,658)	⁴	7,070
SUBJECT / LEVEL :-					
English language learning	—	20,000	(20,000)	⁵	—
Law book programme	—	5,120	(5,120)	⁶	—
Pharmaceutical books	—	4,160	(4,160)	⁷	—
Medical book programme	—	3,000	(3,000)	⁸	—
PUBLISHING SUPPORT :-					
Publishers' Resource Pack	218	14,892	(7,120)	⁹	7,990
IABSS	—	57,844	(50,691)	¹⁰	7,153
ZIBF Workshop	—	14,688	0	¹¹	14,688
OTHER BOOK BUYING	—	12,000	(1,950)	¹²	10,050
GIFT AID 2000	—	642	(642)	¹³	—
INTERNAL INFRASTRUCTURE	—	20,000	(20,000)	¹⁴	—
LOCAL PURCHASE	676	28,539	(28,465)	¹⁵	750
COMMUNITY FUND PROJECT	45,992	95,503	(134,633)	¹⁶	6,862
FUNDRAISING / PUBLICITY	11,285		(16,788)	¹⁷	(5,503)
SHIPPING / TRANSPORT	—	500	(500)	¹⁸	—
BUILDING APPEAL FUND	21,171	13,595	0	¹⁹	34,766
	103,027	715,285	(700,316)		117,996

Movements in restricted funds are shown in the table above. The numbers in the penultimate column refer to the notes below, which give details of the various funds:-

Country / region restrictions:-

- 1 Southern Africa** Funded by the Beit Trust and providing cases of purchased and donated books and journals to programmes in Malawi, Zambia, and Zimbabwe.
- 2 Africa / rest of the world** Funded by the Department for International Development, to provide donated books to specified countries in Africa and elsewhere.
- 3 Africa** Funded by Cable & Wireless plc, Cable & Wireless Shareholders, The Dulverton Trust, The Hilden Charitable Fund, Leventis Overseas Ltd, The Noel-Buxton Trust, The Reuter Foundation, Rio Tinto plc, Southampton Row Trust Ltd, The Trusthouse Charitable Foundation, The Tudor Trust, UIA Charitable Foundation, and Westcroft Trust, and restricted to country programmes in Africa for the provision of donated books.

- 4 **Rest of the world** Funded by Cable & Wireless plc, Daphne Cohen Charitable Trust, Edmund Cohen Charitable Trust, Henry M Cohen Foundation, Jerwood Foundation, The Karim Rida Said Foundation, and Ms Kathryn Rae, and restricted to country programmes outside Africa.

Subject / level:-

- 5 **English language learning project** Funded by the John Ellerman Foundation to provide English language learning materials to specified countries in Asia and Africa.
- 6 **Law book programme** Funded by the Law Society, to provide law materials to developing countries.
- 7 **Pharmaceutical books** Funded by the Commonwealth Pharmaceutical Association, to provide the British National Formulary to pharmacists in developing countries.
- 8 **Medical book programme** Funded by the Mackintosh Foundation and Reckitt Benckiser plc, to provide medical books to developing countries.

Other restricted projects and programmes:-

- 9 **Publisher's Resource Pack (part of the Publishing Support Programme)** Funded by the Rockefeller Foundation and Unwin Charitable Trust, to support the development of publishing in Africa, the Caribbean and the Pacific by providing training materials for local publishers.
- 10 **IABSS (part of the Publishing Support Programme)** *Intra African Book Support Scheme*, funded by the Netherlands Ministry of Foreign Affairs and the Royal Danish Ministry of Foreign Affairs, to support the development of publishing in Africa by purchasing and distributing African published books in Africa.
- 11 **ZIBF Workshop (part of the Publishing Support Programme)** Funded by the Rockefeller Foundation for a workshop for librarians, publishers and booksellers at the Zimbabwe International Book Fair in Harare in 2002.
- 12 **Other Book buying** Funded by the Morel Charitable Trust to purchase copies of Black African Literature in English, and UBS Warburg, to purchase books in subjects which are in high demand from our partners.
- 13 **Gift Aid 2000** Money given by individuals as part of the government's Gift Aid 2000 initiative whereby donations of any size can have the tax recovered so long as the money is used to support the poorest countries.
- 14 **Internal Infrastructure** Funded by Esmée Fairbairn Foundation for staff training and ICT, and J Paul Getty Jr Charitable Trust for repairing the roof of Book Aid International's premises.
- 15 **Local purchase** Funded by the Royal Danish Ministry of Foreign Affairs, a project providing funds to the Rural Libraries and Resources Development Programme in Zimbabwe to purchase books locally.
- 16 **Community Fund project** Funded by Community Fund, formerly the National Lottery Charities Board, to increase access to books for poor and disadvantaged communities by providing books and other information and by facilitating communication with and between partner organisations.
- 17 **Fundraising / publicity** Funded by the Department for International Development, for the cost of World Book Day 2001 publicity materials and by Pearson Education Ltd, for the cost of a reception to launch the strategic plan for 2001 - 2003 and for production and distribution of the World Book Day 2002 poster.
- 18 **Shipping / transport** Funded by Friends of the Maldives for the shipping of books to the Maldives.
- 19 **Building Appeal Fund** Funded by The Dulverton Trust, several individuals, and two anonymous donors, for the improvement of Book Aid International's premises.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total 31 Dec 2001	Total 31 Dec 2000
	£	£	£	£
Tangible fixed assets	385,536	—	385,536	390,033
Net current assets	387,042	117,996	505,038	630,838
	772,578	117,996	890,574	1,020,871

16. LEASING COMMITMENTS

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

	2,001	2,000
	£	£
Office equipment: 0 - 1 year	1,788	—
1 - 2 years	—	1,704
2 - 5 years	1,443	1,400
5 + years	—	—