Kingston Smith
Chartered Accountants

The Booker Prize Foundation

(A company limited by guarantee and not having a share capital)

Company Number: 4213467
Registered Charity Number: 1090049

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2003

The Booker Prize Foundation
Trustees' Report
For the year ended 31st December 2003

The trustees present their report and the accounts for the year ended 31st December 2003. These have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities", current legislation and the Memorandum and Articles of Association.

Legal and administrative information

The Booker Prize Foundation is a private company incorporated under the Companies Act 1985 and is limited by guarantee. It was registered as a company on 10th May 2001 and as a charity on 11th January 2003. The conduct of the company is governed by its Memorandum and Articles of Association.

Trustees

The trustees (who are the directors of the company for the purposes of company law) throughout the year and up to the date of signing this report were:

Jonathan Taylor (Chairman)
Ronald Harwood CBE
Baroness Kennedy QC
Dame Rabbi Julia Neuberger
Baroness Nicholson of Winterbourne
Christopher Pearce FCA (Treasurer)

The trustees are appointed by the members at the Annual General Meeting and casual vacancies are filled by appointment by existing trustees.

Company secretary

Cathryn Summerhayes

Registered office

Middlesex House
34-42 Cleveland Street
London
W1T 4JE

Auditors

Kingston Smith
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Royal Bank of Scotland plc
28 Cavendish Square
London
W1M 0DB

Solicitors

Bates, Wells & Braithwaite
138 Cheapside
London
EC2V 6BB

The Booker Prize Foundation
Trustees' Report (continued)
For the year ended 31st December 2003

Charitable purpose and activities

The Foundation was formed in 2001 to promote the art of literature for the public benefit. In particular, it fosters and promotes contemporary fiction of literary merit in English by awarding the annual 'Booker' prize to the author of the best full-length novel in English published in the UK and written by a UK, Irish or Commonwealth citizen.

The Foundation became a registered Charity on 11th January 2002 and since then has organised the awarding of the annual literary prize in October which, reflecting sponsorship by the Man Group, is known as the Man Booker Prize. The sponsorship of the Man Booker Prize by the Man Group is for a period of 5 years at a minimum of £500,000 per annum. This sponsorship is paid to the Foundation's subsidiary, Booker Prize Trading Limited, which undertakes the commercial activities connected with the award under licence from the Foundation. The commercial activities comprise, in particular, promotion of the award and the award ceremony – held at a dinner, which has broadcast coverage from the BBC. Any surplus in Booker Trading is passed to the Foundation for its charitable purposes.

The Foundation's activities therefore comprise the solely charitable activities of organising, judging and awarding the prize.

Organisation

The board of trustees is responsible for overall policy and the selection of sponsor and appointment of the people and organisations who implement, administer and organise the affairs of the Foundation and the trading subsidiary. The administration of the prize is the responsibility of Martyn Goff who has fulfilled this function since the inception of the prize, 36 years ago. Martyn Goff also chairs the Advisory Committee, which advises on any changes to the prize rules and which selects a new panel of judges each year. The day to day administration of the Foundation and the trading subsidiary, including in particular the organisation of the awards ceremony and promotion of the prize, is the responsibility of Colman Getty which has done this for a number of years.

The trustees are not remunerated (but receive reimbursement for travelling expenses). Martyn Goff, who is a director of the trading subsidiary, receives an annual fee of £20,000 plus reimbursement of expenses and Dotti Irving, a director of the trading subsidiary, is the principal of Colman Getty, which receives a fee of £90,000 per annum plus expenses for its promotional, organisational and administration services. Colman Getty also received an additional fee of £7,500 in 2002 for assistance in finding the sponsor. The other directors of the trading subsidiary are not remunerated (but are reimbursed expenses).

Activities and results for 2003

The winner at this year's award ceremony, held again in the British Museum, was D B C Pierre for 'Vernon God Little'.

Total consolidated income in the year was £542,402, including £520,000 sponsorship; a credit of £18,000 from certain publishers towards costs; and interest of £3,938. This was down from 2002's £610,529 which included some exceptional receipts from The Big Food Group (the parent of Booker plc) on the ending of the long association of Booker with the prize.

After the prizes of £65,000, judges' fees and expenses of £32,312 and other organisational and administrative expenses, including the award ceremony, of £461,852, the surplus for the year was £15,650 down from 2002's £187,407 mainly because of the lack of the exceptional Big Food Group receipts. This surplus increases the reserves carried forward to £127,976.

The consolidated cash position of £145,273 at the end of the year reflects the accumulated surplus and a number of costs still outstanding at that time. All but £10,000 of these funds are invested in cash deposits for the time being.

Reserves Policy

The policy of the Trustees is to accumulate any surpluses so as to steadily build the reserves and investment income to provide additional income to the sponsorship for the charitable purposes.

The Booker Prize Foundation
Trustees' Report (continued)
For the year ended 31st December 2003

Risk analysis

The trustees have reviewed the risks to which the Foundation and its trading subsidiary are exposed and have established systems, procedures or insurance to mitigate these risks.

Trustees' responsibilities

Company law requires the tustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the 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;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that the financial statements comply with current statutory requirements, the requirements of the Memorandum and Articles of Association and the Statement of Recommended Practice "Accounting and Reporting by Charities".

Auditors

The company's auditors, Kingston Smith, have indicated their willingness to continue in office and offer themselves for re-appointment at the next Annual General Meeting.

On behalf of the Board

Jonathan Taylor
Chairman

2nd July 2004

Independent Auditors' Report to the Members of The Booker Prize Foundation

We have audited the financial statements of The Booker Prize Foundation for the year ended 31st December 2003 which comprise the Consolidated Statement of Financial Activities, the Balance Sheets and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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

The trustees of The Booker Prize Foundation (who are the directors for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Trustees' Report.

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

Basis of Audit 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 trustees 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 charitable company's and group's affairs as at 31st December 2003 and their incoming resources and application of resources, including the income and expenditure of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

8th July 2004

The Booker Prize Foundation
Consolidated Statement of Financial Affairs
For the year ended 31st December 2003

	Note	Total 2003 £	Total 2002 £
INCOME AND EXPENDITURE			
Incoming resources			
Donations		564	48,591
Activities for generating funds:			
Trading activity	4	538,000	560,000
Interest received	4	3,938	1,938
Total incoming resources		542,502	610,529
Resources expended			
Costs of generating funds			
Costs of trading activities	4	365,037	356,016
Charitable expenditure			
Cost of activities in furtherance of the charity's objects			
Prizes		65,000	65,000
Judges' fees and expenses		32,312	31,438
Book handling fees		5,874	8,768
Administrator's fees and expenses		21,278	21,445
Management and administration	2	37,351	17,486
Total resources expended		526,852	500,153
Net income for the year		15,650	110,376
Fund balance brought forward at 1st January 2003		112,326	1,950
Fund balance carried forward at 31st December 2003		127,976	112,326

The notes on pages 7 to 9 form part of these financial statements.

The Booker Prize Foundation
Balance Sheets at 31st December 2003

	Note	Group 2003 £	Group 2002 £	Charity 2003 £	Charity 2002 £
Fixed assets					
Investments	6	-	-	1	1
Current Assets					
Debtors	7	41,410	22,036	122,470	121,021
Cash at bank and in hand		145,273	187,407	27,254	4,479
		186,683	209,443	149,724	125,500
Creditors: amounts falling due within one year	8	(39,896)	(97,117)	(2,938)	(13,175)
Net Current Assets		146,787	112,326	146,786	112,325
Total Net Assets		146,787	112,326	146,787	112,326
Funds					
Unrestricted funds		127,976	112,326	127,976	112,326

These accounts have been prepared in accordance with the provisions of the Companies Act 1985, Part VII, relating to small companies and the Financial Reporting Standard for Smaller Entities.

The financial statements on pages 5 to 9 were approved by the trustees on 2nd July 2004

Jonathan Taylor
Trustee

The notes on pages 7 to 9 form part of these financial statements.

The Booker Prize Foundation
Notes to the Financial Statements
For the year ended 31st December 2003

1 **Accounting Policies**

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the provisions of Paragraph 3(3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

Company status
The charity is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member.

Fund accounting
All funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the objects of the charity.

Incoming resources
All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended
All expenditure is accounted for on an accruals basis. Costs of generating funds are those costs directly related to the activities for the generation of funds. Management and administration costs are those costs incurred in compliance with constitutional and statutory obligations.

Fixed asset investments
The only investment held by the charity is that in its trading subsidiary and is included at cost. This is a deviation from the treatment prescribed by the SORP but is considered appropriate because market value is unlikely to be materially different.

2 **Management and administration**

	2003	2002
	£	£
Legal expenses	34,348	12,853
Audit fees - current year*	2,938	2,938
Audit fees - prior year	-	1,565
Bank charges	65	130
	37,351	17,486

* Audit fees of a further £2,000 (2002: audit fees of £2,000 plus other fees of £1,404) relating to the subsidiary, are included in costs of generating funds.

3 **Trustees**

No remuneration was paid to any trustee for services as a trustee and no expenses were reimbursed.

As permitted by the Memorandum and Articles of Association trustees indemnity insurance has been purchased by the group for a premium of £3,937 (2002: £3,197)

4 Trading subsidiary

The charity owns the entire issued share capital of Booker Prize Trading Limited, a company registered in England. The subsidiary carries out commercial activities which support the main function of the Foundation including the promotion of the Man Booker Prize and the organisation of the award ceremony. The subsidiary has undertaken to gift aid its taxable profits to the charitable foundation. A summary of the results of the subsidiary is shown below:

	2003	2002
	£	£
Turnover	538,000	560,000
Direct costs	(347,138)	(314,066)
Gross profit	190,862	245,934
Administration costs	(35,839)	(56,950)
Interest received	3,309	1,938
Gift aid payment to Booker Prize Foundation	(158,332)	(190,922)
Profit on ordinary activities for the year and carried forward	-	-

The assets, liabilities and funds of the subsidiary were:

	2003	2002
Assets	159,429	204,864
Liabilities	(159,428)	(204,863)
Funds (representing 1 ordinary £1 share)	1	1

As the entire profits of the subsidiary are donated to the parent charity the net income of the group and the parent charity are identical.

5 Taxation

All of the activities undertaken by the charity fall within the exemptions granted to charities by legislation.

6 Investments

The investments represent a £1 investment in the subsidiary company (note 4) which was acquired in 2002 and is shown at cost.

7 Debtors

	Group	Group	Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	18,000	18,124	-	-
Amount due from subsidiary undertaking	-	-	122,470	120,921
Recoverable taxation	23,410	3,812	-	-
Other debtors	-	100	-	100
	41,410	22,036	122,470	121,021

8 Creditors: amounts falling due within one year

	Group	Group	Charity	
	2003	2002	2003	2002
	£	£	£	£
Trade creditors	18,811	8,768	18,811	8,768
Other creditors and accruals	39,896	86,411	2,938	4,407
	58,707	95,179	21,749	13,175