

**Book Tokens Limited**  
Report and Financial Statements  
Year Ended  
31 October 2019



# **Book Tokens Limited**

## **Annual report and financial statements for the year ended 31 October 2019**

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### **Directors**

W Pettinger FCA (Chairman)  
A De Berry (Managing Director)  
P F Tanner  
F Kennedy  
K J Smith  
K Wilson  
T C Catton ACMA CGMA (Finance Director)  
L Hale

### **Secretary and registered office**

M C Kay, 6 Bell Yard, London WC2A 2JR

### **Company number**

00379411

### **Auditors**

Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

# Book Tokens Limited

## Report of the directors for the year ended 31 October 2019

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The directors present their report together with the audited financial statements for the year ended 31 October 2019.

### Results and dividends

The Statement of Comprehensive Income is set out on page 5 and shows the profit for the year.

The directors approved and paid a dividend during the year of £800,000 (2018 : £675,000).

### Principal activities, trading review and future developments

The principal activity of the Company is the operation of the National Book Tokens scheme.

#### *Trading review*

The Company grew sales of core and new product formats during the year, delivering a stronger overall result than forecast.

Investment performance was in line with the market and across the year value grew.

There has been a slight increase in costs as the Company invested in product and new channel opportunities.

### Directors

The directors of the Company during the year were:

W Pettinger FCA	(Chairman)	
A De Berry	(Managing Director)	
T C Catton ACMA CGMA	(Finance Director)	
T E Godfray		(Resigned 31st October 2019)
P F Tanner		
F Kennedy		
K J Smith		
K Wilson		
J Duhigg		(Resigned 20th November 2018)
L Hale		(Appointed 16th May 2019)

### Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# Book Tokens Limited

## Report of the directors (Continued) for the year ended 31 October 2019

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any audit information of which the auditors are unaware.

In preparing the directors' report advantage has been taken of the small companies exemptions provided by section 415A of the Companies Act 2006.

Haysmacintyre LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

### By order of the Board

M C Kay



Secretary

Date

4 February 2020

# Book Tokens Limited

## Independent auditor's report

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### Independent auditor's report to the members of Book Tokens Limited

#### Opinion

We have audited the financial statements of Book Tokens Limited (the 'company') for the year ended 31 October 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# Book Tokens Limited

## Independent auditor's report (Continued)

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
George Crowther (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, statutory auditor  
10 Queen Street Place  
London  
EC4R 1AG

Date: 4.02.2020

# Book Tokens Limited

## Statement of Comprehensive Income for the year ended 31 October 2019

	Note	2019 £	2018 £
Turnover	3	308,779	299,689
Cost of sales		(228,383)	(208,379)
<b>Gross profit</b>		<b>80,396</b>	<b>91,310</b>
Administrative expenses		(2,648,245)	(2,513,340)
Other operating income	5	4,813,123	5,423,811
Interest receivable		42,241	22,657
Fair value movement in investments		1,108,648	(1,008,207)
<b>Profit on ordinary activities before taxation</b>	6	<b>3,396,163</b>	<b>2,016,231</b>
Taxation on ordinary activities	7	6,919	230,961
<b>Profit after tax on total comprehensive income for the year</b>		<b>3,403,082</b>	<b>2,247,192</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the Statement of Comprehensive Income.

The notes on pages 8 to 16 form part of these financial statements.

**Book Tokens Limited****Statement of Financial Position  
as at 31 October 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	9		3,816,436		3,886,102
			<u>3,816,436</u>		<u>3,886,102</u>
<b>Current assets</b>					
Investments at fair value	10	34,606,801		33,561,892	
Stocks	11	101,775		80,031	
Debtors	12	1,150,317		1,097,408	
Short term deposits		2,000,000		2,500,000	
Cash at bank and in hand		5,412,004		3,602,754	
		<u>43,270,897</u>		<u>40,842,085</u>	
<b>Creditors: amounts falling due within one year</b>	13	(615,457)		(551,773)	
<b>Net current assets</b>			<u>42,655,440</u>		<u>40,290,312</u>
<b>Total assets less current liabilities</b>			46,471,876		44,176,414
<b>Provision for liabilities and charges</b>	14	(25,822,869)		(26,123,571)	
<b>Provision for deferred taxation</b>	15	(675,629)		(682,548)	
<b>Net assets</b>			<u><u>19,973,378</u></u>		<u><u>17,370,295</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		500		500
Profit & loss account	17		15,389,529		12,494,766
Unrealised surplus on investments less deferred tax	17		4,583,349		4,875,029
<b>Shareholders' funds</b>			<u><u>19,973,378</u></u>		<u><u>17,370,295</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on

4/2/20

A De Berry  
Director


The notes on pages 8 to 16 form part of these financial statements.



# Book Tokens Limited

## Statement of Changes in Equity as at 31 October 2019

	Share capital £	Profit & loss account £	Unrealised surplus on investments less deferred tax £	Total £
<b>At 1st November 2017</b>	<b>500</b>	<b>9,915,881</b>	<b>5,881,723</b>	<b>15,798,104</b>
Profit for the year		3,304,500	(1,288,270)	2,016,230
Deferred tax movement		(50,615)	281,576	230,961
Dividend paid in year		(675,000)	-	(675,000)
<b>At 1 November 2018</b>	<b>500</b>	<b>12,494,766</b>	<b>4,875,029</b>	<b>17,370,295</b>
Profit for the year		3,694,763	(298,600)	3,396,163
Deferred tax movement		-	6,920	6,920
Dividend paid in year		(800,000)	-	(800,000)
<b>At 31 October 2019</b>	<b>500</b>	<b>15,389,529</b>	<b>4,583,349</b>	<b>19,973,378</b>

The notes on pages 8 to 16 form part of these financial statements.

# Book Tokens Limited

## Notes forming part of the financial statements for the year ended 31 October 2019

### 1 Accounting policies

#### 1.1 General information

Book Tokens Limited is a private limited company (Registered Number 00379411) incorporated and domiciled in England and Wales. The Registered office address is 6 Bell Yard London WC2A 2JR

#### 1.2 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### 1.3 Income

Turnover is the total amount receivable by the Company in the ordinary course of business for commissions earned on the sale and redemption of book and record token vouchers and from other trading income relating to the sale of book and record token vouchers. Commission is recognised by reference to the date on which vouchers are purchased from booksellers and recordsellers and the date vouchers are exchanged for goods by booksellers and recordsellers. Other trading income is recognised in the period to which it relates.

Main items in other operating income include 1. the transfer of amounts from current and historic voucher funds which are deemed no longer required or needed to be provided for due to various reasons of loss, accidental destruction etc. 2. Dividend and interest generated from investments these voucher funds are invested in 3. Net profit on the sale of these long term investments which are sold from time to time 4. Rental income from temporary sub-tenants in 6 Bell Yard.

#### 1.4 Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets, except freehold land, over their expected useful lives. It is calculated at the following annual rates:

Freehold buildings	-	2% - straight line
Furniture and equipment	-	20% - 33 1/3% - straight line
Software	-	14% - straight line

#### 1.5 Provision for unexchanged gift cards, stamps and vouchers

The Company provides for its estimated liabilities from unredeemed book tokens and record tokens at each year end. Past experience has shown that a proportion of vouchers sold to the public are never subsequently exchanged. To allow for this fact, an estimated amount is transferred to the Statement of Comprehensive Income from the voucher fund provision in each accounting period. See note 5 for further details.

#### 1.6 Foreign currency conversion

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate.

#### 1.7 Investments

Investments are stated at fair value. Profit and loss on sale is calculated against opening fair value.

#### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value.

# Book Tokens Limited

## Notes forming part of the financial statements for the year ended 31 October 2019 (Continued)

### 1 Accounting policies (continued)

#### 1.9 Deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operate and generate income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 1.10 Pension costs

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

#### 1.11 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 1.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 1.14 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans to related entities.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

# Book Tokens Limited

## Notes forming part of the financial statements for the year ended 31 October 2019 (Continued)

### 1 Accounting policies (continued)

#### 1.15 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Booksellers Association of the United Kingdom & Ireland Limited as at 31 October 2018 and these financial statements may be obtained from Companies' House or from its registered office at 6 Bell Yard, Westminster, London, WC2A 2JR.

### 2 Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

#### 2.1 Estimated useful life of fixed assets

The Company estimates the useful life and residual values of fixed assets and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs, or annually, as appropriate.

#### 2.2 Treatment of investment income and gains as other income

The Company holds this money as passive funds (cash and investments) rather than using it as working capital, these funds generate additional income which is used to support its overall business activities and therefore is considered to be part of the Company's operations, hence its inclusion as other operating income.

#### 2.3 Provision for unexchanged vouchers

In calculating the provision the Company estimates the release to income of historic vouchers sold but not redeemed and reviews these estimates at each financial year end. In making these estimates the Company takes into account both historic patterns of redemption together with regulations connected with voucher protection currently in place, with its duty of care on protecting consumer funds with respect to guidance from BEIS and the law commission for the owners of vouchers unclaimed since 1934 and its historic agreement with HMRC over a minimum set level of write off to income on the sale of a voucher for direct tax purposes. The Company operates voucher funds in both sterling and Euros and in paper and electronic format.

#### 2.4 Deferred tax on trading losses

Deferred tax asset recognised on post April 2017 losses which can be utilised against future capital gains on investments.

# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 3 Turnover

The Company's turnover for the year is attributable to the principal activity as set out in the report of the directors.

The Company's turnover arose in the following markets:

	2019 £	2018 £
United Kingdom	272,809	264,926
Republic of Ireland	35,530	34,290
Rest of the World	440	473
	<u>308,779</u>	<u>299,689</u>

## 4 Employees and directors

	2019 £	2018 £
Staff costs (including directors' emoluments) consist of:		
Wages and salaries	279,513	196,387
Social security costs	30,918	22,124
Pension costs	25,301	17,361
Other staff benefits	5,607	5,411
	<u>341,339</u>	<u>241,283</u>

Pension costs represent contributions to money purchase pension schemes. The Company does not operate any final salary schemes.

	2019 Number	2018 Number
The average number of employees (excluding directors) during the year was as follows:		
Full time	<u>6</u>	<u>4</u>
	<u>6</u>	<u>4</u>

The above figures exclude the 7 (2018- 7) non-executive directors who held office during the period.

	2019 £	2018 £
Directors' remuneration consists of:		
Remuneration for management services	106,845	105,479
Pension contributions	8,519	8,320
	<u>115,364</u>	<u>113,799</u>

There was 1 (2018: 1) director in the defined contribution pension scheme during the year.

# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 5 Other operating income

	2019 £	2019 £	2018 £	2018 £
Transfers from voucher funds				
- United Kingdom	2,779,905		3,800,362	
- Republic of Ireland	527,092		527,091	
		3,306,997		4,327,453
Current asset investments				
- Dividends and interest receivable	912,339		885,900	
- Net profit on sale of investments	414,597		63,861	
		1,326,936		949,761
Exchange discounts		139,961		78,095
Decrease in provision against intercompany loan		-		20,000
Rent income		39,058		47,904
Other non trading income		171		598
Other operating income		<u>4,813,123</u>		<u>5,423,811</u>

## 6 Profit on ordinary activities before taxation

	2019 £	2018 £
This is arrived at after charging / (crediting):		
Depreciation	81,768	75,141
Exchange (Gain) / loss	(61,360)	43,462

In the current year the auditor's remuneration of £17,889 (2018 - £17,251) has been borne by the parent company, The Booksellers Association of the United Kingdom & Ireland Limited, and has been recharged to Book Tokens Limited via the management charge.

# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 7 Taxation on profit on ordinary activities

TAXATION	2019 £	2018 £
<b>Corporation tax</b>		
Current tax for the period	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,919)	(230,961)
Effect of tax rate change on opening balances	-	-
<b>Total deferred tax</b>	(6,919)	(230,961)
<b>Taxation on profit on ordinary activities</b>	(6,919)	(230,961)

No current tax charge arises in respect of the current year due to the availability of losses.

### Factors affecting tax charge for the period

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	3,396,164	2,016,230
Tax on Profit on ordinary activities at standard CT rate of 19% (2018: 19%)	645,271	383,084
Effects of:		
Fixed asset differences	15,183	14,062
Expenses not deductible for tax purposes	708	353
Income not taxable for tax purposes	(521,379)	(2,535)
Adjustments to brought forward values	12,493	-
Chargeable Gains / (losses)	19,529	(191,119)
Other permanent differences (unutilised QCD)	29	-
Group relief Surrendered / (claimed)	769	(55,533)
Adjustment to the change in deferred tax rate	-	-
Deferred tax not recognised	(179,522)	(379,273)
	(6,919)	(230,961)

### Factors that may affect future tax charges

The Company has trading tax losses of £nil at 31 October 2019 (2018 - £840,585).

The Company also has excess management expenses of £nil at 31 October 2019 (2018 - £98,827) and non-trading losses £238,221 at 31 October 2019 (2018 - £21,778) arising in the period which will be available for offset against future taxable profits. A deferred tax asset has been recognised on these losses.

The Company had capital losses of £322,469 at the Statement of Financial Position date (2018 - £296,599).

## 8 Dividends

	2019 £	2018 £
Ordinary shares		
Interim dividend paid of £1,600 per share (2018 - £1,350)	800,000	675,000
	800,000	675,000

# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 9 Tangible assets

	Software £	Freehold land and buildings £	Furniture and equipment £	Total £
<i>Cost</i>				
At 1 November 2018	418,565	4,243,590	425,933	5,088,088
Additions	589	-	11,513	12,102
At 31 October 2019	419,154	4,243,590	437,446	5,100,190
<i>Depreciation</i>				
At 1 November 2018	415,210	425,332	361,444	1,201,986
Charge for the year	1,022	60,046	20,700	81,768
At 31 October 2019	416,232	485,378	382,144	1,283,754
<i>Net book value</i>				
At 31 October 2019	2,922	3,758,212	55,302	3,816,436
At 31 October 2018	3,355	3,818,258	64,489	3,886,102

## 10 Investments

	Cost £	Fair Value Adjustment £	Fair Value £
<b>Equity investment</b>			
At 1 November 2018	24,541,488	5,566,728	30,108,216
Additions	11,641,705	128,611	11,770,316
Disposals	(9,880,242)	(1,371,034)	(11,251,276)
Current year revaluation	-	971,091	971,091
At 31st October 2019	26,302,951	5,295,396	31,598,347
<b>Bond investments</b>			
At 1 November 2018	3,462,826	(9,150)	3,453,676
Additions	121,529	2,899	124,428
Disposals	(539,483)	(36,199)	(575,682)
Current year revaluation	-	6,032	6,032
At 31st October 2019	3,044,872	(36,418)	3,008,454
<b>At 31st October 2019</b>	<b>29,347,823</b>	<b>5,258,978</b>	<b>34,606,801</b>
At 31st October 2018	28,004,314	5,557,578	33,561,892

## 11 Stocks

	2019 £	2018 £
Goods for resale	101,775	80,031

In the opinion of the directors, the replacement cost of stocks is not materially different from the value shown above.

Stock expensed during the year was £153,422 (2018 £142,165)



# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 12 Debtors

	2019	2018
	£	£
Trade debtors	520,397	467,228
Other debtors	441,410	547,639
Taxation and social security	68,671	64,823
Prepayments and accrued income	22,365	17,718
Amounts owed from parent company	97,474	-
	<b>1,150,317</b>	<b>1,097,408</b>

All amounts shown under debtors fall due for payment within one year.

Actual bad debt charged in the year was £nil (2018 - £8,139).

## 13 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	501,121	389,482
Accruals and deferred income	114,336	125,889
Amounts owed to parent company	-	36,402
	<b>615,457</b>	<b>551,773</b>

Book Tokens Ltd has a BACS facility with HSBC which is secured by way of a fixed and floating charge and a composite guarantee between all of the group companies. Batch Ltd and the Booksellers Association of the United Kingdom & Ireland Limited have similar facilities which are covered by the composite guarantee.

## 14 Provision for liabilities and charges

	2019	2018
	£	£
<b>Book tokens in circulation</b>		
Balance at 1 November 2018	26,116,528	27,659,624
Add: Book tokens sold in the year	16,018,563	15,054,282
Less : Book tokens redeemed in the year and release of reserves for book tokens no longer required	(16,337,769)	(16,597,378)
<b>Balance at 31 October 2019</b>	<b>25,797,322</b>	<b>26,116,528</b>
	2019	2018
	£	£
<b>Record tokens in circulation</b>		
Balance at 1 November 2018	7,043	-
Add: Record tokens sold in the year	62,967	16,265
Less : Record tokens redeemed in the year and release of reserves for record tokens no longer required	(44,463)	(9,222)
<b>Balance at 31 October 2019</b>	<b>25,547</b>	<b>7,043</b>

## 15 Provision for Deferred tax

	2019	2018
	£	£
At 1 November 2018	682,548	913,510
Charge to the profit or loss	(6,919)	(230,962)
<b>At 31 October 2019</b>	<b>675,629</b>	<b>682,548</b>

The deferred taxation balance is made up as follows:

	2019	2018
	£	£
Fixed asset timing differences	(13,554)	(17,580)
Short term timing differences	6,888	8,036
Tax losses carried forward	(95,317)	(213,824)
Unrealised investment gains	770,946	753,473
Deferred tax not recognised	6,666	152,443
	<b>675,629</b>	<b>682,548</b>

# Book Tokens Limited

Notes forming part of the financial statements  
for the year ended 31 October 2019 (Continued)

## 16 Share capital

	2019	2018
	£	£
Allocated, called up and fully paid		
500 ordinary shares of £1 each	500	500

## 17 Reserves

### Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

### Unrealised surplus on investments less deferred tax

This represents the non-distributable fair value movements on investments that the company hold, and the deferred tax impact.

## 18 Related party transactions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102 "The financial Reporting Standard applicable in the UK and Republic of Ireland". The requirement of Section 33 Related Party Disclosures paragraph 33.7. This information is included in the consolidated financial statements of The Booksellers Association of the United Kingdom & Ireland Limited as at 31 October 2019 and these financial statements may be obtained from Companies' House or from its registered office at 6 Bell Yard, London, WC2A 2JR.

During the year, the Company sold £150 net of VAT and had a net increase in provision on book token funds of £6,489 (2018 - £146 net of VAT, increase in provision of £6,449), in relation to services provided to The Pitshanger Bookshop, of which F Kennedy was a director/proprietor. The Company was owed £253 including VAT as at 31 October 2019 (2018 - was owed £287 including VAT).

During the year, the Company paid £206,500 net of VAT (2018 - £206,500 net of VAT) to World Book Day (WBD), a charity of which T Godfray was a Trustee until 6th June 2019. The Company had no outstanding balance with WBD as at 31 October 2019 (2018 - £nil). During the year, the Company sold £1,489 net of VAT (2018 - £1,702 net of VAT) in relation to services provided to World Book Day (WBD). The Company was owed £243 with WBD as at 31 October 2019 (2018 - £Nil).

During the year, the Company sold £4,930 net of VAT and had a net decrease in provision on book token funds of £43,868 (2018 - £4,780 net of VAT, a net decrease in provision of £33,905), in relation to services provided to Blackwell's Ltd of which K Smith was a director. The Company owed £7,851 including VAT as at 31 October 2019 (2018 - owed £11,379 including VAT).

## 19 Parent company and ultimate controlling party

The Company's immediate and ultimate parent company is The Booksellers Association of the United Kingdom & Ireland Limited, a company registered in the UK, which holds 100% of the ordinary share capital of Book Tokens Limited.

The smallest and largest group of undertakings of which the Company is a part and for which group accounts have been drawn up is that headed by The Booksellers Association of the United Kingdom & Ireland Limited. Copies of the consolidated financial statements of The Booksellers Association of the United Kingdom and Ireland are available from its registered office at 6 Bell Yard, London, WC2A 2JR.

The directors consider there to be no ultimate controlling party.

## **Book Tokens Limited**

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The pages which follow do not  
form part of the statutory  
financial statements of the Company

# Book Tokens Limited

## Detailed Statement of Comprehensive Income for the year ended 31 October 2019

	2019 £	2018 £	2018 £	2018 £
<b>Income</b>				
UK and Irish schemes				
1% service charge on sales and exchanges	275,233		266,117	
Less: Cost of production	(204,854)		(180,955)	
		70,379		85,162
Other trading income	33,546		33,572	
Less: Cost of sales	(23,529)		(27,424)	
		10,017		6,148
Exchange discounts	139,961		78,095	
Transfer from voucher funds	3,306,997		4,327,453	
		3,446,958		4,405,548
Dividends and interest received from investments		912,339		885,900
Bank interest receivable		42,241		22,657
		4,481,934		5,405,415
Less: Administrative costs		(2,648,245)		(2,513,340)
<b>Trading profit</b>		1,833,689		2,892,075
Net (Loss) / profit on sales of bond investments	(2,572)		7,625	
Net profit on sales of equity investments	417,169		56,236	
Decrease in provision against intercompany loan			20,000	
(Loss) on bond investments at fair value through the statement of comprehensive Income	(374,575)		(136,973)	
Gain / (loss) on equity investments at fair value through the statement of comprehensive Income	1,483,223		(871,234)	
Rent income	39,058		47,904	
Other non-trading income	171		598	
		1,562,474		(875,844)
<b>Profit on ordinary activities before taxation</b>		3,396,163		2,016,231

# Book Tokens Limited

## Detailed Statement of Comprehensive Income for the year ended 31 October 2019 (Continued)

	2019 £	2019 £	2018 £	2018 £
<b>Establishment</b>				
Repairs, cleaning and maintenance	153,307		1,443	
		153,307		1,443
<b>Administration</b>				
Staff costs	341,339		241,283	
Marketing, advertising, promotion & projects	1,135,120		1,111,251	
Stationery, postage, carriage and packing	10,521		11,587	
Travelling and entertaining expenses	6,699		6,804	
General expenses	5,844		5,384	
Staff training	2,150		2,337	
Telephone and fax	1,302		1,271	
Service fee - Booksellers' Association	655,780		691,352	
Computer expenses	152,193		145,765	
Irrecoverable VAT	24,541		24,452	
Donations	151		30	
		2,335,640		2,241,516
<b>Financial and professional</b>				
Legal and professional fees	127,776		128,874	
Bad debts and collection charges	5,472		16,604	
Bank charges and interest	5,642		6,300	
Exchange (Gain) / loss	(61,360)		43,462	
		77,530		195,240
<b>Depreciation</b>				
Freehold buildings	60,047		60,047	
Furniture and equipment	20,846		14,219	
Software	875		875	
		81,768		75,141
<b>Total administrative costs as per statement of comprehensive income</b>		<b>2,648,245</b>		<b>2,513,340</b>