

CH

BOOKTRUST
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

Charity Number: 0313343
Company Number: 0210012



BOOKTRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS

Page

1	Chair's Report
2	Report of the Trustees for the year ended 31 March 2016
8	Legal and Administrative Information
9	Structure, Governance and Management
9	Statement of Trustees' Responsibilities
11	Auditor's Report
13	Statement of Financial Activities
14	Balance Sheet
15	Cash Flow Statement
16	Notes on Accounts

BOOKTRUST

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2016

BookTrust has had a good year – a year of high performance, but also a year of transformation. We are very aware that much is changing in the external environment, and that these changes will affect everything we do. We are preparing for them - whether in terms of digital transformation or diversification of funding streams. We are looking to the future and ensuring we have what's required to thrive.

BookTrust has achieved much this year. 2015-16 saw us reach over 2.5 million families across the country, working in partnership to deliver programmes including books, guidance, support and resources to enable and encourage children to read for pleasure. It saw the launch of BookTrust's *Bath, Book, Bed* campaign, in which former Supernanny Jo Frost (our most recent celebrity ambassador) advised parents on why the bedtime story is pivotal to young children's bedtime routines. It saw us design and deliver a wide range of research and evaluation activities to improve our understanding of reading for pleasure, and how our programmes make a difference on the ground. It saw our largest ever National Bookstart Week, a celebration of our flagship *Bookstart* programme. Events were held at libraries around the country, with books being given out everywhere from children's centres to branches of Costa Coffee. Significantly, this year also saw the Arts Council confirming funding for the next two years following the comprehensive spending review.

Whilst BookTrust is forging ahead, we know we can't rest on our laurels, especially as the operating landscape is more precarious. The public sector squeeze is impacting our critical partners, including local authorities and libraries, and everyone – from corporate partners to individual donors – is considering cutbacks. Charities, meanwhile, are under increasing scrutiny in terms of what they do and how they do it.

To counter these uncertainties, we are taking a number of steps: we are investing heavily in research and evidence, sector insight and knowledge gathering to ensure that we can design our programmes effectively to deliver real change. We are transforming our digital presence with a new, robust and innovative website that can engage more widely with parents, teachers and carers and a new CRM system that will improve our data capture and analysis. We are launching new paid-for programmes for schools, to help them achieve their reading for pleasure targets. We are launching a new campaign, *Time to Read*, to get everyone from policy makers to parents talking about the importance of shared reading. We are launching a Friends giving scheme. And we are focusing all our efforts in ways that complement the work of our partners, from publishers to booksellers, libraries to parents, book reading organisations to broadcasters, health visitors to children's centres, in order to achieve maximum effect.

We do all of this because we know how important reading for enjoyment is; we know that children who read for pleasure do better – they are happier, healthier, more confident, more resilient, and do better at school. This year's BookTrust Lifetime Achievement Award was given to the outstanding author, Judith Kerr. At the event, our chief executive, Diana Gerald commented, "books can be the life-changing milestone in children's lives and we want to celebrate the work of authors whose books have that kind of impact." BookTrust likes to say that a book is not a book; it's a doorway. Whatever happens in the world outside, we are determined to open as many doors as we possibly can.

Karen Brown
Chair of Trustees

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2016.

Who we are

BookTrust is the largest reading charity in the UK. We work to inspire a love of reading in children across the country because we know that reading changes lives. We know that reading for pleasure helps children and young people to do well at school, improves their well-being, increases their social mobility, and is a joy in itself. Reading is more important for a child's educational success than their family's socio-economic status, so we do everything we can to help to make sure that every child can enjoy books and the doors they can open.

We are national in scale, working in every region in England, Northern Ireland and Wales.

- We get books, guidance and resources about reading into families' hands, to build confidence in reading.
- We deliver universal programmes that reach every parent in the UK
- We run targeted programmes for those children who need more support on their journey to be confident readers.
- We work with every local authority in England through a trusted network of professionals in education, health, libraries and children's centres, whom we support to work with families through guidance, handbooks and training events.
- We are research and evidence-based, ensuring that our programmes are effective.
- We promote reading for pleasure, and campaign to raise awareness of the importance of reading with children.
- We champion books and authors that can capture a reader's imagination and inspire a love of reading.
- We continue the support and advice via our digital platform and newsletters.
- We are the authority on great books for children of all ages, reading ability and interest.

To make this happen we are the lynchpin of an extraordinary national network of partners where local government agencies, publishers, Arts Council England, the Wales and Northern Ireland governments, authors, libraries, early years settings, healthcare professionals, teachers, and other charities all contribute, and in many cases provide funding, to support children (and their parents) to experience the life changing effects of developing a love of reading.

Objects of the charity

BookTrust's objects are set out in its Articles of Association.

"To promote, encourage, foster or strengthen by all and every suitable or convenient means the habit of reading and the wider and more general distribution of books by and among all people."

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

How we have delivered on our strategic priorities in 2015-16

- **Insight, innovation and evidence:** We have made significant progress in developing our theory of change to articulate better the impact we make, and to help us assess potential future programmes. We successfully carried out further early stage insight and innovation work to identify areas where we can in the future provide targeted support to families and children who need most help to access reading for pleasure resources.
- **Funding:** We were delighted to secure Arts Council funding for two more years following the Comprehensive Spending Review. Our work underpins the development of wide and diverse audiences for reading and for the broader art forms as children grow to adulthood. Our deep focus on those who need us most is especially important in terms of our Arts Council funding, as these audiences are often hardest to reach. We have developed our corporate partnerships strategy, along with a new individual giving scheme and our primary purpose trading activity, to ensure financial sustainability moving forwards. We were also pleased that the Welsh government continues to support and fund our distinctive programmes in Wales.
- **Digital:** We are redeveloping our digital presence to create an engaging website aimed primarily at parents with a clear sign up process and better signposting. We have also increased our social media presence via platforms including Facebook, Twitter and Instagram. Our newsletters, meanwhile, have attracted over 13,000 new sign-ups, and unique open rate of 58%, and click rate average of 17%. Our research on digital attitudes was highlighted in the media, with both national print and broadcast coverage; it has since been referenced by other researchers in the field.
- **Effectiveness:** In 2015-16, we have continued to deliver significant, large scale activity to our beneficiaries, and have made significant progress in streamlining the way we operate as an organisation. We delivered universal and targeted programmes to ensure we were effective in reaching all children, including:

Early Years

- Bookstart Baby is BookTrust's key early intervention programme which was delivered to more than 600,000 families in England with a baby aged 0 -12 months. The programme supports a love of reading and the development of a reading habit from an early age, puts books and rhymes directly into the home, and supports shared reading and the wider social, emotional and educational benefits this brings. Booktouch and Bookshine resources include sensory, tactile books, and bespoke guidance and resources and are created for blind, visually impaired or deaf children and their families. Bookstart Star is aimed at children who have a condition or disability that affects or delays the development of their fine motor skills; and our dual language book packs are aimed at supporting children with English as an additional language.
- Bookstart Corner is our targeted programme that focuses on families of children aged 12 – 24 months who are facing disadvantage, and encourages them to develop a love of stories, books and rhymes. We worked with 1,500 Children's Centres and their staff across England to reach 75,000 families by providing high quality resources that support parents and carers to provide sessions with children and their parents and carers (at home or in the Children's Centre).
- Bookstart Treasure is BookTrust's universal early intervention reading programme for every 3-4 year old child in England. The programme includes a carefully selected high quality book, rhymes and activities and advice and guidance on reading and rhyming with children.

BOOKTRUST

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2016

- National Bookstart Week takes Bookstart activities out of the home and into a range of other settings. Held across a week in June, we worked with libraries across the country and a range of other partners, including prison visitor centres, children's hospices, neonatal units, booksellers, and food banks, to run shared reading events and activities in what is a national celebration of reading for pleasure. National Bookstart Week raises awareness of the importance of shared reading and rhyming and encourages children and families to experience reading in local settings. During 15/16 we distributed 450,000 books as part of these events.
- BookTrust's Strategic Library Offer (Bear's Reading Adventure) is the latest Bookstart resource. Developed following consultation with library services and Bookstart coordinators we provided 450,000 Bear's Reading Adventure sticker books to libraries.

Primary and Secondary Programmes

- BookTrust's Booktime programme helps provide every child starting school with the chance to enjoy a story. In 2015-16 over 670,000 children aged 4 – 5 received their own Booktime pack containing a carefully selected storybook, activities and games to enjoy at home, and guidance and ideas for parents.
- The Ant Club supports children to get carried away with words and get into reading. It provides targeted materials, advice, and guidance to 1,500 selected primary schools in England where a higher than average proportion of students receive free school meals. Ant Club schools receive a new package of classroom materials every term to use with 4-6 year old pupils in Reception and Year 1. The Ant Club was also distributed to 150 special educational needs (SEN) Schools.
- BeyondBooked Up is designed to ignite students' interest in books and reading for pleasure by introducing them to a variety of genres and great writing. Materials are designed to introduce Year 7 and Year 8 children aged 11-13 to different books at the start of secondary school and to help them develop their confidence and skills to read a range of books. During FY15/16 we distributed the packs to 375 schools.
- School Library Pack is a toolkit for secondary schools to get students talking about books and encourage them to read widely. Over 4,000 mainstream secondary schools and 700 special schools in England benefitted from the programme this year. Mainstream schools received new fiction, short stories, books for readers with special education needs, and guidance on how to get students reading for pleasure. Special schools received accessible books, audiobooks, and picture books chosen by experts to suit a variety of readers, as well as guidance on engaging students with a range of needs.
- BookTrust's special school resources are designed to encourage pupils with a range of special educational needs to enjoy stories and reading for pleasure. 150 special schools received packs of resources and classroom materials focused on sensory stories in 2015-16.
- Read for My School is our annual reading challenge for primary school children, run jointly with Pearson, and which is designed to encourage children to read more and to embrace regular reading. In 2015-16, more than 125,000 pupils in 1,875 schools read more than half a million books during the 10 week-period of the challenge.
- Book Buzz is a programme designed to support children in the first year of secondary school to become confident, independent readers. In 2015-16 we had a huge response from schools signing up to Book Buzz: more than 185,000 pupils in 1,100 schools.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

Looked -After Children Programmes

- Letterbox Club is a programme which involves sending a monthly parcel of books, maths, games and fun activities to children in care – the packs are personally addressed to them and sent to them wherever they are living. The programme continues to grow: we reached 10,450 children in care in 129 local authorities across the UK in 2015-16. As well as our formal evaluations of these projects we get continuing excellent and moving feedback from the children who receive these parcels, from their foster carers and from Heads of Virtual Schools

Campaigns and Promotions

- Digital and Social media: we create social media campaigns and conversations to encourage families to read with their children, as well as hosting blogs from authors including our Writer in Residence to promote reading for pleasure.
- Press: we promote our research and messaging on the importance of reading for pleasure, consistently securing national and regional press coverage in print, digital and broadcast media.

Financial Review

Our Early Years programmes (as described above) continue to be primarily restricted-funded by central government (Arts Council England [ACE] £3.85 million) and the Welsh Department for Education and Skills £0.60 million), with ACE also contributing significantly to our primary and secondary school's activities.

This year we have continued with our work on diversifying income streams through further expansion of purchasable activities - Letterbox Club (£1.38 million), Bookbuzz (£0.45 million) and piloting of Story Hunters, our new traded programme – along with fundraised income from corporates, individual donors and trusts and foundations (£0.50 million). Overall income from partnerships has remained consistent: BookTrust's partnership with Waterstones has been maintained and now encompasses elements of in-store giving, cause-related marketing, donated income, and sponsorship of the Children's Laureate.

We are also developing a new regular-giving scheme, BookTrust Friends, as a sustainable, low-maintenance income source with huge potential for annual growth. BookTrust Friends is due to launch in 2016/17.

Thank you

We are very grateful to all of our funders who support the work of BookTrust – without which we would be unable to carry out our mission. For the year 2015-16 we would particularly like to thank for their generous support:

- | | |
|---|---|
| • Amazon | • Health & Social Care Board Northern Ireland |
| • All our publishing partners | • Pearson PLC |
| • Arts Council England | • Prudential Services Ltd |
| • Arts Council of Northern Ireland | • Ralph Lauren Europe Sàrl |
| • Belfast Harbour | • Unwin Charitable Trust |
| • Elinet, University of Koln | • Waterstones Booksellers Ltd |
| • Garden House School | • Welsh Department for Education and Skills |
| • Halifax Foundation for Northern Ireland | |

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

Future Plans

In the course of the year 15/16 we have developed our strategic plan for the next 3 years which paints a clear vision for BookTrust and how it will achieve its mission of encouraging children to read for pleasure. The strategic plan sets out our three ambitions as an organisation:

- We want to increase actual reading for pleasure by children (including the children who need us most) – changing behaviour.
- We want to change attitudes to reading so that more people know that reading for pleasure for children is essential, beneficial and fun.
- We want to become the go-to organisation for reading for pleasure for children.

In support of these ambitions we have also identified our strategic goals for the next 3 years:

- Continuing to design and deliver impactful activities at national scale, which reach the children who need us most
- More parents with an increased awareness that reading with their child is important.
- More children wanting to read.
- Providing a credible voice around the benefits of reading in a rapidly changing technological environment.
- Ensuring that reading enjoyment is understood and valued by policy makers, parents, schools and all our key stakeholders.
- Our actions and activities are well grounded in evidence and data.

To achieve this:

- We will ensure we have a robust and diversified financial base.
- We will have a sustainable and highly skilled team committed to our vision and development.
- Diversity, equality and accessibility will underpin all that we do.
- We continue to maintain and develop our network of partners and stakeholders.
- We keep on improving our systems, processes, and ways of working.

Each year we will develop our annual business plan setting out how we intend to progress these goals and ambitions during the year.

Risks and Uncertainties

The principal risks and uncertainty facing the charity are:

- The pressures on public expenditure in the wider economy. This creates a long term risk to both BookTrust's Arts Council funding and to the support received from its vital delivery partners, especially local authorities.
- Not having the appropriate ICT infrastructure to support our organisational needs.
- Managing a complex and rapidly changing external environment including a changing partner and regulatory context (managed through our partnership activity, and our focus on strong governance).

These risks are being addressed through:

- A three-year income diversification plan, building our primary purpose trading as well as fundraising income.
- A refresh of our IT, CRM and website systems, which are all a priority for the 2016-17 business plan.
- A focus on our partnership activity, and how we can support our partners at local authority and at national level.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

The Trustees have a risk management strategy which comprises:

- Periodic review of the risks the charity faces.
- The establishment of systems and procedures to mitigate those risks identified by the plan; and identified mitigations.
- The implementation of procedures designed to minimise any potential impact on the charity should those identified risks materialise.
- A key element in the management of financial risk is the setting of an appropriate reserves policy that is regularly reviewed by the Trustees.

Investment Policy

In 2011 the Board sought independent financial advice on how to increase the yield on investments and minimise any capital risks, with assurances that any investments were ethical and excluded sensitive sectors such as arms, tobacco, alcohol and gambling.

The Board agreed to invest £1million through the SA Sequel Cautious Target Return Strategy unit trust and that the level of risk should be cautious. This remains the case although given the low return on the significant cash balance held by the charity, a further review of the investment policy is planned.

Reserves Policy

Trustees have examined the charity's requirements for reserves in light of the main risks and the long lead times between committing to production and the delivery of goods manufactured in the Far East, as well as the fact that we operate a partnership delivery model on a national scale. Based on this assessment, a policy has been established whereby the unrestricted reserves should be between 4 and 6 months of annual expenditure.

With actual expenditure for the year to 31st March 2016 at £8,321,574, the target for the unrestricted funds should accordingly lie between £2,773,858 and £4,160,787. The actual fund balance at 31st March is £4,483,005, of which £950,000 has been designated for specific use. Given the risk of currency and economic fluctuations arising out of the implementation of Brexit over the next 2 years and that BookTrust sources annually c.£3 million worth of books, resources and consumables from the Far East, Trustees agreed that holding reserves marginally higher than the top-end of our target range is an appropriate level in these current unusual circumstances.

The Trustees have agreed that there should be a planned and limited spend-down of reserves over the next five years to be expended on projects of impact, an ambition that has been incorporated into the 2016-17 business plan.

Public Benefit

BookTrust has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

Legal and Administrative Information

Charity Name	BookTrust
Charity Registration Number	0313343
Company Registration	0210012

Patron

HRH The Duchess of Cornwall

President

Michael Morpurgo

Board of Trustees

The Trustees of BookTrust (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

Karen Brown	Chair
Peter Roche	Honorary Treasurer (appointed 30 Sept 2015)
Nicola Briggs	
Sam Hudson	
Hsin Loke	(appointed 24 Feb 2016)
Santiago de la Mora	
Meredith Niles	
Hugh Shanks	Vice Chair (appointed 25 May 2016)
Fiona Wheeler	
Fiona Johnson	(appointed 30 Sept 2015)
Claire Malcolm	(appointed 30 Sept 2015)
Derek Wyatt	(appointed 30 Sept 2015)
Carol Taylor	(resigned 30 Sept 2015)
Teresa Cremin	(resigned 30 Sept 2015)
Dawn Barnes	(resigned 30 Sept 2015)
David Roche	(resigned 30 Sept 2015)
Lynne Murray	(resigned 28 Jan 2016)

Chief Executive

Diana Gerald

Company Secretary

Diana Gerald

Registered Office and Operational Address

G8 Battersea Studios, 80 Silverthorne Road, Battersea, London SW8 3HE

Our Advisers

Auditors	haysmacintyre, 26 Red Lion Square, London WC1R 4AG
Bank	Natwest Branch, 98 Wandsworth High Street, London, SW18 4ZD
Solicitors	Russell-Cooke, 2 Putney Hill, London, SW15 6AB
Investment Managers	Foster Denovo, 8 East Cheap, London EC3M 1AE

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

Structure, Governance and Management:

Governing Document

BookTrust is a charitable company limited by guarantee having no share capital incorporated on 28 November 1925 and registered as a charity on 1 July 1963. It was established under a Memorandum of Association which established its objects of the charitable company and is governed under its Articles of Association. It now operates under Articles of Association adopted by special resolution in 2011.

Governance and Management

The Board of Trustees of up to 12 members administers the charity and exercises its scrutiny role through quarterly Board meetings, a standing committee on Business and Finance and ad hoc committees as needed. An HR Committee has met regularly in the year and will become a permanent Board committee in 2016/17, also covering Trustee nominations. A Development Board has also been set up and will become a permanent Fundraising Committee in 2016/17.

A Chief Executive is appointed by the Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority for operational matters including finance, employment and other programme and delivery related activities.

The Senior Leadership Team comprises:

Diana Gerald: Chief Executive Officer
John Powell: Director of Finance
Natasha Armstrong: Director of Programmes and Partnerships
Gemma Malley: Director of Communications and Development
Jill Coleman: Director of Children's Books

All senior management personnel aside from the CEO are remunerated within a formal banded pay framework which is set for all staff using job evaluation and analysis and, where relevant, external benchmarking. There is also an annual cost of living review. Changes to this framework (e.g. for cost of living) are decided upon by the Board on the recommendation of the HR Committee. Remuneration of the CEO is agreed by the Board based on a formal performance evaluation and external benchmarking.

Statement of Trustees' responsibilities

The Trustees (who are also directors of BookTrust 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 (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of BookTrust and of the incoming resources and application of resources, including the income and expenditure, of BookTrust for that period. In preparing these financial statements, the Trustees are required to:

- > select suitable accounting policies and then apply them consistently;
- > observe the methods and principles in the Charities SORP;
- > make judgments and estimates that are reasonable and prudent;

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2016

- > state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that BookTrust will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of BookTrust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of BookTrust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appointment of Trustees

Under the terms of the Articles of Association, management of BookTrust's affairs is vested in a Board of Trustees of not less than eight and no more than twelve members.

Training of Trustees

All new Trustees are provided with an induction programme. The Board holds an annual away day for Trustees and all Board members are provided with regular updates relevant to the organisation. The annual review of board performance includes input from the Chair's formal discussions with individual Trustees and from an appraisal of the Chair by all Trustees.

Statement as to Disclosure of Information to the Auditor

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Trustees report, incorporating the Strategic Report, approved by order of the Trustees.



Karen Brown (Chair)

Date: 29. 9. 16

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKTRUST

We have audited the financial statements of BookTrust for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable 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 auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of the charitable company's income and expenditure 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report incorporating the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKTRUST

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Sam Coutinho (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

26 Red Lion Square
London WC1R 4AG

Date: 29/9/16

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BOOKTRUST
STATEMENT OF FINANCIAL ACTIVITIES
(Including Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Income from:					
Donations and legacies		500,474	-	500,474	67,235
Charitable activities:					
Early years		122,934	4,450,572	4,573,506	5,587,565
Primary		-	864,742	864,742	746,287
Secondary		454,255	657,904	1,112,159	1,030,757
Looked-After Children		1,380,509	-	1,380,509	1,012,268
Campaigns and Promotions		840,017	36,602	876,619	940,873
Other trading activities		-	72,298	72,298	238,856
Interest	2	15,990	-	15,990	19,341
Other		538	-	538	120,147
		<u>3,314,717</u>	<u>6,082,118</u>	<u>9,396,835</u>	<u>9,763,329</u>
Expenditure on:					
Raising funds		224,759	66,242	291,001	267,052
Charitable activities					
Early Years		190,785	4,415,417	4,606,202	5,612,700
Primary		-	808,944	808,944	757,057
Secondary		181,953	656,526	838,479	841,717
Looked-After Children		958,492	-	958,492	802,744
Campaigns and Promotions		783,290	35,166	818,456	1,032,296
		<u>2,339,279</u>	<u>5,982,295</u>	<u>8,321,574</u>	<u>9,313,566</u>
Net income before gains on investments	4	975,438	99,823	1,075,261	449,763
Net (loss)/gain on investments	7	(36,105)	-	(36,105)	97,594
Net income		<u>939,333</u>	<u>99,823</u>	<u>1,039,156</u>	<u>547,357</u>
Net movement in funds		939,333	99,823	1,039,156	547,357
Total funds brought forward		<u>3,543,672</u>	<u>3,461,716</u>	<u>7,005,388</u>	<u>6,458,031</u>
Total funds carried forward		<u><u>4,483,005</u></u>	<u><u>3,561,539</u></u>	<u><u>8,044,544</u></u>	<u><u>7,005,388</u></u>

The Statement of Financial Activities includes all gains and losses recognised in the year.
All transactions during the year are derived from continuing activities.
Full comparative figures for the year ended 31 March 2015 are shown in note 16.

BOOKTRUST

BALANCE SHEET

AT 31 MARCH 2016

		2016	2015
	Notes	£	£
CURRENT ASSETS			
Investments	7	1,192,669	1,228,774
Debtors	8	1,841,230	2,428,564
Cash at bank and in hand		7,053,555	5,954,659
		<u>10,087,454</u>	<u>9,611,997</u>
Creditors: amounts falling due within one year	10	(2,042,910)	(2,606,609)
NET CURRENT ASSETS		<u>8,044,544</u>	<u>7,005,388</u>
NET ASSETS		<u><u>8,044,544</u></u>	<u><u>7,005,388</u></u>
FUNDS			
Restricted funds	11	3,561,539	3,461,716
Unrestricted:			
General fund	11	3,533,005	2,882,172
Designated funds	11	950,000	661,500
		<u>8,044,544</u>	<u>7,005,388</u>

Approved and authorised for issue by the board of directors on 29/9/ 2016 and signed on their behalf by

Karen Brown
Karen Brown

Karen Brown

Peter Roche

)
)
) Directors
)
)

BOOKTRUST**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
Cash flows from operating activities		
Net income before investment gains/(losses) for the reporting period (as per the statement of financial activities)	1,059,271	430,422
Decrease in debtors	587,334	365,475
(Decrease)/increase in creditors	(563,699)	17,555
Net cash provided by operating activities	1,082,906	813,452
Cash flows from investing activities		
Interest	15,990	19,341
Change in cash in reporting period	1,098,896	832,793
Analysis of cash and cash equivalents		
Cash in hand		
Balance brought forward	5,954,659	5,121,866
Increase in year	1,098,896	832,793
Balance carried forward	7,053,555	5,954,659
Cash in hand		
Bank balance	7,053,495	5,953,810
Cash	60	849
	7,053,555	5,954,659

1 Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

BookTrust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

(b) Reconciliation with previous Generally Accepted Accounting Practice (GAAP)

These accounts are the first set of accounts prepared under FRS 102. The most recent set of accounts prepared under previous UK GMP were to 31 March 2015. The transition date is 1 April 2014. In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatement has been required in making the transition to FRS 102 and the Charities SORP FRS 102.

(c) Preparation of accounts on a going concern basis

The trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Trustees confidence the charity remains a going concern for the foreseeable future.

(d) Fund Accounting

Unrestricted

This fund supports working capital requirements, cover for risk management and is available for use at the discretion of the directors in furtherance of the general objectives of the charity and which has not been designated for other purposes.

Designated

The Board has designated certain amounts for the development of new programmes which are detailed in note 11.

Restricted

Restricted funds are funds that can only be used for particular purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes, as detailed in note 11.

1. Accounting policies (continued)

(e) Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific activities are applied to particular categories of income:

- Donations and legacy income consists of donations, gifts and subscriptions which are reflected in the statement of financial activities only if they have been received. Amounts received in advance of the period to which they relate are deferred and reflected in the statement of financial activities for the period to which they relate.
- Activities for raising funds include funds raised by the fundraising department from organising fundraising events and appeals and are included when received.
- Investment income is included when receivable.
- Incoming resources from charitable activities are accounted for as income only when the conditions under the terms of the grant have been fulfilled and includes contributions from organisations, including local authorities, for the supply of Bookstart packs, books, promotions, prizes and the design of websites.
- Incoming resources from grants, including government grants, for a specific purpose are accounted for as income only when the conditions under the terms of the grant have been fulfilled.

(f) Resources Expended

All expenditure is accounted for on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and this is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of fundraising. Fundraising costs are those incurred in seeking grants and include the cost of disseminating information in support of the charitable activities.
- Charitable expenditure comprises those costs incurred by BookTrust in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly and those costs of an indirect nature necessary to support them.
- Governance Costs include those costs associated with meeting the constitutional and statutory requirements of the charity and includes the audit fees and costs linked to the strategic management of the charity.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

(g) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1. Accounting policies (continued)

(h) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(j) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(k) Group Accounts

The subsidiary Get London Reading is not consolidated as it is a dormant company. These financial statements present information about BookTrust as an individual undertaking and not about its group.

(l) Operating Leases

There is a lease for the photocopier which is for a term of 5 years from April 2012.

Rentals under operating leases are charged to the SOFA on a straight line basis over the term of the lease.

(m) Pensions

Employees are eligible to join the stakeholder pension scheme operated by Scottish Widows. Employees joining the stakeholder pension contract directly with Scottish Widows. BookTrust makes a contribution to the pension scheme of 7% of employee basic salary plus also acts as agent in collecting and paying over employee pension contributions.

(n) Investments

Investments are valued at their market value ruling at the balance sheet date, which gives rise to unrealised gains and losses which are included in the Statement of Financial Activities (SOFA). All investment balances are unrestricted funds.

2. INVESTMENT INCOME

	2016 £	2015 £
Other interest receivable	15,990	19,341

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

3. ALLOCATION OF SUPPORT COSTS

BookTrust allocates its support costs as shown in the table below and then further apportions those costs between the charitable activities undertaken. Support costs are allocated on a basis consistent with the use of resources.

SUPPORT COSTS	2016			2015
	Charitable Activities £	Fundraising £	Total £	Total £
Support staff	73,806	-	73,806	107,441
Professional	20,799	-	20,799	12,839
Establishment	235,512	-	235,512	464,448
Office costs	163,128	6,925	170,053	189,229
PR	9,582	22,589	32,171	35,904
Finance	3,299	-	3,299	4,618
Reallocation of governance costs	23,484	1,369	24,853	3,755
Total	<u>529,610</u>	<u>30,883</u>	<u>560,493</u>	<u>818,234</u>

4. NET INCOMING/(OUTGOING) RESOURCES

This is stated after crediting the following:

Subscriptions, donations and gifts including donations made under Gift Aid

2016 £	2015 £
377,593	113,500

Grants – Arts Council England

2016 £	2015 £
181,808	187,933

Direct costs and other operating charges include:

Operating leases

- hire of equipment

- rents payable

Auditors remuneration

- Audit services

- Non-audit services

2016 £	2015 £
6,937	11,842
138,658	87,926
12,350	11,300
2,220	2,350

5. STAFF COSTS

Salaries

Social security costs

Pension costs

Redundancy and termination payments

2016 £	2015 £
2,183,933	2,243,550
229,300	229,321
144,710	158,408
4,987	39,785
<u>2,562,930</u>	<u>2,671,064</u>

BOOKTRUST**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016****5. STAFF COSTS (continued)**

	2016 Number	2015 Number
Number of employees receiving total gross remuneration in the year in the range:		
£60,000 - £70,000	1	-
£70,000 - £80,000	-	1
£90,000 - £100,000	1	-
	<u>2</u>	<u>1</u>

The key management personnel comprises the senior management team and the total cost of remuneration, benefits and pensions paid to them in the year was £386,913 (2015: £374,134).

Total employer pension contributions in the year for these staff members were £19,370 (2015: £14,423).

	2016 Number	2015 Number
The average number of employees by function, was		
Charitable activity	54	50
Fundraising	4	5
Administration, support and governance	9	10
	<u>67</u>	<u>65</u>

	2016 Number	2015 Number
Number of trustees reimbursed expenses during the year	<u>3</u>	<u>2</u>

The trustees have not received any remuneration, benefits in kind during the year (2015: nil).

The trustees received the following reimbursement of expenses during the year:

	£	£
Travel	235	394
Accommodation	195	315
Subsistence	205	13
	<u>635</u>	<u>722</u>

The total of donations received from Trustees in the year was £1,850 (2015: £1,275).

6. TAXATION

As a registered charity BookTrust is exempt from taxation on income arising from its charitable activities.

BOOKTRUST**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016****7. INVESTMENTS**

	2016	2015
	£	£
Quoted investments		
Market value as at 1 April	1,228,774	1,131,180
Realised investment (loss)/gain	(36,105)	97,594
	<u>1,192,669</u>	<u>1,228,774</u>
Market value as at 31 March	<u>1,192,669</u>	<u>1,228,774</u>
Historic cost as at 31 March	<u>1,000,000</u>	<u>1,000,000</u>

Investment gain in 2015 was unrealised, investment loss in 2016 has been realised due to changes in treatment of gains and losses on investments required by new Charities SORP 2015.

Investments include the following which are greater than 5% of the portfolio valuation:

	2016	2015
	£	£
SA Sequel Caution Target Return	<u>1,192,669</u>	<u>1,228,774</u>

8. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	817,087	1,297,258
Other debtors	137,464	204,039
Amount owed by subsidiary	853	853
Prepayments and accrued income	885,826	926,414
	<u>1,841,230</u>	<u>2,428,564</u>

9. TRADING SUBSIDIARY

On 13 October 2003, BookTrust set up a wholly owned subsidiary Get London Reading, a not for profit company limited by guarantee not having a share capital. The company has not traded and there are no transactions to report.

10. CREDITORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade creditors	682,098	1,139,920
Other taxes and social security	65,780	76,343
Accruals	303,480	315,143
Deferred income	924,991	1,011,528
Other creditors	66,561	63,675
	<u>2,042,910</u>	<u>2,606,609</u>

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. FUNDS

	1 April 2015 £	Incoming Resources £	Resources Used £	Transfer Between Funds £	Investment Loss £	31 March 2016 £
Unrestricted Funds						
General Fund	2,882,172	3,314,717	2,339,279	(288,500)	(36,105)	3,533,005
Designated Funds						
IT and infrastructure development	80,000	-	-	70,000	-	150,000
Web communications & CRM development	-	-	-	300,000	-	300,000
Income diversification	500,000	-	-	(200,000)	-	300,000
New products development costs	81,500	-	-	(81,500)	-	-
Research and programme development	-	-	-	200,000	-	200,000
	<u>3,543,672</u>	<u>3,314,717</u>	<u>2,339,279</u>	<u>-</u>	<u>(36,105)</u>	<u>4,483,005</u>
Restricted Funds						
Promotions	11,035	36,359	33,011	-	-	14,383
Children's Reading Fund	290,378	72,298	66,242	-	-	296,434
Education	8,157	-	-	-	-	8,157
Early years	2,497,876	4,450,571	4,415,417	-	-	2,533,030
Secondary	440,714	657,904	656,526	-	-	442,092
Primary	193,305	864,743	808,944	-	-	249,104
Campaigns & promotions	20,251	243	2,155	-	-	18,339
	<u>3,461,716</u>	<u>6,082,118</u>	<u>5,982,295</u>	<u>-</u>	<u>-</u>	<u>3,561,539</u>
	<u>7,005,388</u>	<u>9,396,835</u>	<u>8,321,574</u>	<u>-</u>	<u>(36,105)</u>	<u>8,044,544</u>

Unrestricted Funds

The general fund stood at £3,533,005 at 31st March 2016 and included recognised losses in the period of £36,105 arising from market valuation of the investments. This fund supports working capital requirements, provides cover for risk management and is available for use at the discretion of the directors in furtherance of the general objectives of the charity and which has not been designated for other purposes.

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. FUNDS (continued)

Designated Funds

IT and Infrastructure Development reserve is intended to cover exceptional costs to respond to changes driven by new processes and technological innovation. It is anticipated that this expenditure will be incurred by the end of the 2017/18 period.

Web Communications & CRM Development fund represents the costs of developing a new website and implementing the digital communications strategy. It is anticipated that this expenditure will be incurred by the end of the 2016/17 period.

Income Diversification fund is intended to cover the expected costs of Booktrust's fundraising and trading activities while income diversification strategy is developed. It is anticipated that this expenditure will be incurred by the end of the 2017/18 period.

New Product Development Costs fund represents the costs of developing new products for merchandising which has been rolled into Income Diversification.

Research & Programme Development fund represents the costs of designing and developing new evidence based programmes. It is anticipated that this expenditure will be incurred by the end of the 2017/18 period.

Restricted Funds

Promotion funds represent unspent income from contributions from organisations for specific projects at the year end.

The Childrens Reading Fund (CRF) was set up from corporate sponsorship and substantial donations from individuals to support projects for children in care.

Education funds represent unspent income from contributions from organisations for specific projects at the year end.

The Early Years funds represents stock held for future production of book packs, provide adequate working capital and cover the cost of an exit strategy in the event the Bookstart scheme is terminated. The Bookstart reserve amounts to £2,544,030.

The Early Years reserve comprises:

	2016 £	2015 £
Prepayment "Stock" held for future publication	277,838	396,962
Amount accrued from Publishers discounts	1,840,392	1,840,392
New working Capital	414,799	260,522
	<u>2,544,030</u>	<u>2,497,876</u>

Secondary fund represents publishers discounts and supports working capital as well as provides for the exit strategy in the event the Secondary scheme is terminated.

BOOKTRUST**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016**

11. FUNDS (continued)

Secondary reserves comprises:

	2016 £	2015 £
Amount accrued from Publishers discounts	558,552	558,552
Net Working Capital	(116,459)	(117,838)
	<u>442,093</u>	<u>440,714</u>

Primary fund supports working capital and provides cover for the cost of an exit strategy in the event the Primary scheme is terminated.

Campaigns and Promotions fund represents unspent income received from which BookTrust awards annual prizes.

12. DEFERRED INCOME	Early Years £	Letterbox £	BookBuzz £	Total £
Balance at 1 April 2015	30,000	971,445	10,083	1,011,528
Released to incoming resources	(30,000)	(971,445)	(10,083)	(1,011,528)
Amount deferred in the year	-	903,439	21,552	924,991
Balance as at 31 March 2016	<u>-</u>	<u>903,439</u>	<u>21,552</u>	<u>924,991</u>

Deferred income comprises of packs sales in advance of delivery.

BOOKTRUST**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2016**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted funds £	Restricted funds £	Total £
Current assets	5,621,464	4,465,990	10,087,454
Current liabilities	(1,138,458)	(904,452)	(2,042,910)
Net assets	4,483,006	3,561,538	8,044,544

14. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due within one year of the balance sheet date:

	2016		2015	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases expiring in:				
Less than one year	146,751	6,084	146,751	6,807
1 to 5 years	344,500	-	486,251	6,084
	491,251	6,084	633,002	12,891

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

15. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted funds £	Restricted Funds £	Total Funds 2015 £
Income and endowments from:				
Donations and legacies		67,235	-	67,235
Charitable activities:				
Early Years		336,807	5,250,758	5,587,565
Primary		-	746,287	746,287
Secondary		394,490	636,267	1,030,757
Looked-After Children		1,012,268	-	1,012,268
Campaigns and Promotions		883,495	57,379	940,874
Other trading activities		-	238,855	238,855
Investments		19,341	-	19,341
Other		120,147	-	120,147
		<u>2,833,783</u>	<u>6,929,546</u>	<u>9,763,329</u>
Expenditure on				
Raising funds		148,225	118,826	267,051
Charitable activities				
Early Years		340,086	5,272,615	5,612,701
Primary		-	757,057	757,057
Secondary		196,267	645,450	841,717
Looked-After Children		802,744	-	802,744
Campaigns and Promotions		931,114	101,182	1,032,296
		<u>2,418,436</u>	<u>6,895,130</u>	<u>9,313,566</u>
Net income before gains on investments		<u>415,347</u>	<u>34,416</u>	<u>449,763</u>
Net gains on investments		<u>97,594</u>	<u>-</u>	<u>97,594</u>
Net income		<u>512,941</u>	<u>34,416</u>	<u>547,357</u>
Transfer between funds		18,894	(18,894)	-
Net movement in funds		<u>531,835</u>	<u>15,522</u>	<u>547,357</u>
Total funds brought forward		<u>3,011,837</u>	<u>3,446,194</u>	<u>6,458,031</u>
Total funds carried forward		<u><u>3,543,672</u></u>	<u><u>3,461,716</u></u>	<u><u>7,005,388</u></u>

Note: Expenditure is shown after allocation of governance costs; governance costs have been allocated across activities on the basis of proportion of income.