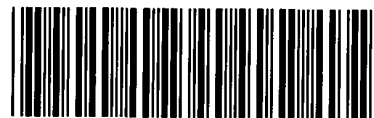


BOOKTRUST
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Charity Number: 0313343
Company Number: 0210012

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BOOKTRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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BOOKTRUST

CHAIR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2017

BookTrust wants to achieve two relatively simple things: we want more children to read, and we want children to read more. The benefits of reading in terms of a child's life chances are many and varied. As our president, Michael Morpurgo said at the inaugural BookTrust lecture last autumn, children who develop a life long love of reading gain from "the widening and deepening of knowledge and understanding, the ability to empathise, to explore and discover, to be comforted, excited, provoked and challenged, to spur confidence and creativity."

Whilst our ambitions are simple, BookTrust's activities are varied and multi-faceted, and depend on a complex and rapidly changing network of partnerships. Working through every local authority in the country, 2016-17 saw us reach over 3 million families with our programmes aimed at encouraging children to read for pleasure. It also saw a hugely successful National Bookstart Week, our annual celebration of our Bookstart programme, with events in libraries, food banks, family contact centres and neonatal units across the country.

We know that many of our partners - health visitors, local authorities, libraries, schools and children's centres - are facing challenges and funding cuts. All of these partners are integral to our programme delivery and we are working with them to ensure that we understand their priorities and needs.

We also know that it is families themselves who make change happen, so we are seeking to engage with them in whatever way suits them best, for instance by using more social media channels, posting vlogs and hosting events at shopping centres.

BookTrust strives to be inclusive - **every** child should gain the huge benefits that come from a love of reading, so our targeted programmes are important. Bookstart Corner continues to give families facing disadvantage more support around shared reading; Letterbox Club sends packages of books, resources, gifts and letters from authors to looked-after children once a month; and our pioneering work developing books for children with sight and hearing impairment, in partnership with Child's Play, enables us to reach children for whom reading might otherwise be way down the list of possibilities.

We want to spread the message that reading with children gives them the very best start in life, and we also know that harried parents are looking for easy simple solutions to common parenting problems. So our Bath Book Bed campaign, in its second year, deliberately places the bedtime story at the centre of a routine that promotes reading as well as helping parents get a good night's sleep.

2016/17 also saw our research and evaluation activities increase, so that we can understand even better the many different reasons why children may or may not read for pleasure, and how we can shape our programmes to change things for the better. Other highlights of 2016-17 are in the box below.

Looking forward, 2017/18 will see our celebration of 25 years of Bookstart, our core programme, the publication of some very exciting research into segmentation of families based on their attitudes and behaviours to reading for pleasure, the launch of our new website which will offer better access and more inspiring content for all our partners and parents and carers, and more high profile campaigns to get families and children excited about reading.

BOOKTRUST
REPORT OF THE TRUSTEES
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I would like to thank: our funders, including the Arts Council of England and Waterstones, for their unstinting support, our partners who enable us to reach children everywhere, and our staff and trustees for championing every child's need to read.



Karen Brown
Chair of Trustees

Some highlights from 2016-17

This year saw a second successful year for Bath Book Bed, with coverage in The One Show, This Morning, The Sun and Radio 4, events held up and down the country, and a new celebrity ambassador, Daddy Pig (of Peppa Pig fame) joining Jo Frost to encourage families to put the bedtime story at the centre of every child's night time routine.

Our Time to Read, campaign, meanwhile, was launched to encourage families to continue shared reading once their children start learning to read themselves, a common drop off point for children's engagement in reading.

Stakeholder events engaged teachers in the importance of reading for pleasure and how to create a love of reading amongst pupils.

In support of Children's Book Week, we partnered with CBeebies to deliver a Live Lesson to schools across the country.

Chris Riddell, the Waterstones Children's Laureate travelled throughout the UK inspiring thousands of children to read.

Our Lifetime Achievement Award celebrated the incredible achievements of Judith Kerr in 2016 and Raymond Briggs - Judith Kerr had, until the BookTrust award, never received a literary prize or award in the UK, and Raymond Briggs was awarded a CBE for services to literature shortly after his award from BookTrust.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2017.

Who we are

BookTrust's mission is to get children reading. Children who read are happier, more empathetic, more creative, experience improved wellbeing, do better at school and may be more likely to escape poverty. We get children reading in lots of different ways, but our priority is to get children excited about books, rhymes and stories. Because if reading is fun, then children will want to do it. We've learned that the key to getting children reading is starting early and involving the whole family, so that's where we focus most of our work.

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 over 2.5 million families across 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 health, libraries, children's centres schools and early years settings, whom we support to work with families through guidance, handbooks and training events.
- Our Welsh Government funded programmes in Wales support children and families to read together from an early age and encourage parents and carers to play an active and stage-appropriate role in their child's learning.
- We work across Northern Ireland with a range of statutory, corporate and voluntary partners to promote reading for pleasure. We provide books, guidance and interactive events and work with professionals in schools, health and early years to support children and families on their reading journey.
- We are an evidence-based organization and use research to understand and improve the impact of our programmes.
- 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 interests.

To make this happen we are the lynchpin of an extraordinary national network of partners where local government partners, publishers, Arts Council England, the Welsh and Northern Irish governments, authors and illustrators, libraries, early years settings, healthcare professionals, teachers, corporate partners, foundations, individual donors 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.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

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."

How we have delivered on our strategic priorities in 2016-17

• **Effectiveness:**

Children who enjoy reading benefit from many advantages in life. They do better at school, experience improved wellbeing, and may be more likely to escape poverty. There are many barriers to reading enjoyment, but we know that two critical factors are starting early (reading to and with babies and toddlers in their first few months and years of life) and family engagement (shared reading, enthusiasm around books, confidence around books, sharing stories and rhymes, having books in the home and so on).

In 2016-17, BookTrust has reached families across the UK via its wide range of programmes which enable it to achieve breadth and depth in terms of reach and impact, getting advice, resources and books into the home via trusted professionals who can support families. As part of this strategy we were delighted this year to be given a full page in the Personal Child Health Record "the Red Book" given out to all new parents in which they keep records of their children's health and development.

We have continued to deliver our at-scale activity to beneficiaries via a range of powerful and important partnerships including local authorities, health visitors, libraries, children's centres, early years settings, publishers, authors and illustrators enabling us to bring reading to families everywhere, whilst providing additional support to those with more challenges, whether those challenges involve socio-economic disadvantage, special educational needs, disability, having English as a second language, or being a looked-after child.

In the past year, we have delivered universal and targeted programmes to ensure we had broad reach alongside providing additional support for those who need us most including:

Early Years

- Bookstart Baby is BookTrust's key early intervention programme which was delivered to 582,010 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.
- Bookstart Corner is our targeted programme that focuses on families of children aged 12 – 24 months who require additional support and encouragement to help them to develop a love of stories, books and rhymes. We worked with 1,370 Children's Centres and their staff across England to reach 74,500 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).
- Through Bookstart Dechrau Da, we reached 67,550 families in Wales where children are in their first year of life and again when they are toddlers. Families receive two Bookstart packs; the Bookstart Baby pack is usually gifted at 6 months and the Early Years Bookstart pack is usually gifted at 27 months by Health Visitors.

BOOKTRUST
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Early Years (continued)

- Bookstart Treasure is BookTrust's universal early intervention reading programme for every 3-4 year old child in England. The programme, which reached 680,300 families this year, includes a carefully selected high quality book, rhymes and activities, and advice and guidance on reading and rhyming with children.
- Booktouch and Bookshine resources for babies and 3–4 year olds include sensory, tactile books, and bespoke guidance and resources and are created for blind, visually impaired or deaf children and their families. Bookstart Star for 3-4 year olds is aimed at children who have a condition or disability that affects or delays the development of their fine motor skills. We reached 12,239 families with these programmes.
- Our dual language book packs for babies and 3-4 year olds are aimed at supporting children with English as an additional language reached 27,675 families.
- We supported Child's Play, a commercial publisher, to develop jointly two new tactile books for blind and visually impaired children, 'Off to the Beach' and 'Getting Dressed'. These books were then included in our Booktouch packs.
- In Wales, Pori Dwyr Stori builds on the early messages about sharing books and the home learning environment introduced through Bookstart, developing them in line with the Literacy and Numeracy Framework and supporting the Foundation Phase curriculum and pedagogical approaches. The programme supports the development of a positive home-school link and encourages parents and carers to play an active role in their child's learning when they start school.
- National Bookstart Week takes Bookstart activities out of the home and into a range of other settings. Held across a week in June in England, Northern Ireland and Wales, we worked with libraries and children's centres across the country and a range of other partners, including prison visitor centres, children's hospices, family contact centres, neonatal units, independent 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 16/17 we distributed 407,335 books as part of these events. In Wales, we launched National Bookstart Week/ Wythnos Genedlaethol Dechrau Da with Denbighshire Libraries at the Seaquarium in Rhyl – attended by 200 families, the local Assembly Member and representatives from Health Visiting, the local council and Education. In the absence of government funding, we were delighted to secure corporate funding from Belfast Harbour. The Under the Sea theme was very fitting and a high profile launch was held for Belfast nursery school children at the Harbour Commissioner's Office supporting our strategic aims to maintain Bookstart's profile to support advocacy work.
- 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 432,517 Bear's Reading Adventure sticker books to libraries.

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Early Years (continued)

- BookTrust Northern Ireland received funding for the Stories Tour through the Northern Ireland Arts Council to increase reading for pleasure and bring books to life through well-known author visits to local schools and communities. This year's tour has included authors PJ Lynch, Ed Vere, Steven Lenton, Paul Howard and Dan Freedman. The 800 children taking part in the project each received a book personally signed by the author at the event. The books are an important element of the project as they take reading for pleasure into the homes and provide a legacy of the author visit.
- Facilitated by Arts and Business Northern Ireland Book Trust and Belfast Harbour have established a partnership to encourage and support Belfast families to enjoy and read books with their children. In 2016-17 the Babies Need Books project gifted Bookstart Baby packs to 1,000 families across Belfast. Additional support for National Bookstart Week enabled us to reach a further 6,000 families and a teenage author project engaged 200 teenagers with books and reading for pleasure. To support this new partnership, A&BNi provided Investment Programme funding for another author project for a further 200 teenagers.
- SONI (Systems Operator Northern Ireland) selected BookTrust NI as their charity of the year and through this we were able to provide 1,000 families in Armagh and Tyrone with Bookstart Baby packs. A&BNi provided additional support for the partnership and we were able to enhance the project by providing Sure Starts with a further 300 books.

Primary and Secondary Programmes

- BookTrust's Time to Read programme helps provide every child starting school with the chance to enjoy a story. In 2016-17, 715,211 children aged 4 – 5 received their own Time to Read 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 develop reading confidence and enjoyment. It provides targeted materials, advice, and guidance to 1,500 selected primary schools in England where a higher than average proportion of students receives free school meals. Ant Club schools receive a package of classroom materials to use with 4-6 year old pupils in Reception and Year 1.
- School Library Pack is a toolkit for secondary schools to get students aged 11 – 14 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 and picture books chosen by experts to suit a variety of readers, as well as guidance on engaging students with a range of needs.
- Spark - BookTrust's special school resources programme - is designed to encourage pupils with a range of special educational needs (SEN) to enjoy stories and reading for pleasure. 150 special schools received packs of resources and classroom materials focused on sensory stories in 2016-17.
- Book Buzz is a programme designed to inspire a love of reading in 11-13 (Year 7 and 8) students through engaging with varied and high-quality books, support to choose books and ownership of a chosen book. In 2016-17 we had a huge response from schools signing up to Book Buzz: 215,500 pupils in 1,327 schools.

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Early Years (continued)

- Beyond Booked Up is designed to inspire a love of reading in students aged 11 – 13 (Year 7 and 8) by engaging them with high-quality writing across a range of formats and providing support to choose books. It provides targeted materials to schools in England where a higher than average proportion of students receive free school meals. During FY16/17 we distributed the packs to 375 schools.
- In 2016-17 we ran Read for My School, a national reading competition challenging children aged 7 -13 to read a range of books during the spring term. Between January and April 2016, an incredible 130,296 7-13 year olds from 2,018 primary and secondary schools in England read 590,680 books.

Looked-After Children Programmes

The Letterbox Club is a programme which involves sending a monthly parcel of books, maths games and fun activities to children and young people in care (and adopted children in Northern Ireland) – the packs are personally addressed to them and sent to them wherever they are living. The programme continues to grow: in 2016-17 we reached 11,146 children aged 3-13 in 129 local authorities across the UK. We're set to reach over 11,100 children again in 2017. As well as our formal evaluations of these projects, we continue to receive excellent and moving feedback from the children who receive these parcels, as well as their foster carers and from Local Authority Virtual Schools who are our key partners in delivering the programme.

• **Research, evaluation and development:**

- BookTrust has been conducting evaluation projects for over 20 years and has developed a body of evaluation evidence that supports the stated aims of our programmes. We place a high priority on understanding how our programmes work, for whom and in what conditions.
- Year-on-year we work closely with our delivery partners to understand our impact and how well our programmes are working. Our universal and targeted bookgifting programmes were carefully and systematically evaluated against intended outcomes.
- Additional Needs - we are exploring next steps in research to understand how best to support children with additional needs to enjoy reading. This is building on the recently completed research project, with the University of Derby, looking at the benefits and enablers of reading for pleasure for children with additional needs.
- Segmentation - BookTrust commissioned a research project to segment parents and children across the UK based on reading for pleasure. We know from previous research that the factors that influence reading are complex and need to be looked at holistically. The segmentation focused on parental attitudes and behaviour related to reading to or with their children; children's attitudes and behaviour related to reading with their parents or alone, and home environment e.g. access to books at home, socio-economic status and cultural factors.
- We carried out work to identify areas where we could develop our programmes to support families and children to access reading for pleasure.

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- **Research, evaluation and development (continued)**

- To build an even stronger approach to measuring impact in 2016-17 we further interrogated the pathways through which our programmes get families reading for pleasure and sharing books. As part of this work we tested models and assumptions within programme delivery including those relating to activities, environments and networks that affect the impact of our programmes through a Theory of Change approach.
- We took an active role in the development of a cross-sector framework of reading outcomes as active members of the steering group, led by the Reading Agency.

- **Campaigns, prizes and ambassadors**

"I'm so glad that for almost twenty years, the children of the UK have grown up alongside the institution that is the 'Children's Laureate'. As ambassadors for reading the Laureates are adventurers digging up and sharing the glittering treasure to be found in books. These authors and illustrators speak to, and for, every child. Their reach is huge and their impact even greater, peeling back the cover for those on the first step on their reading journey and turning the pages for those already on their path. The impact of this cannot be underestimated and the Children's Laureate should be a name that every young person, and parent, knows and loves."

Poet Laureate, Carol Ann Duffy

2016/17 was Chris Riddell's second year as Children's Laureate and he has spent the year visiting schools up and down the country to excite and engage them in reading, as well as giving over twelve keynote speeches and seminars.

This year saw the launch of two major campaigns aimed at getting children reading. Bath Book Bed saw BookTrust teaming up with childcare expert Jo Frost, to encourage families to put the bedtime story at the centre of their end of the day routines for babies and small children. The campaign secured considerable press coverage and social media reach, including slots on Loose Women and Good Morning Britain.

Time to Read, aimed at the parents of reception-aged children, encouraged families not to drop shared reading when children start to learn to read for themselves. The campaign reached over 700,000 children with books and guidance, along with a high-profile press campaign. Press coverage included a national TV interview on Sky Sunrise, London Live and BBC Radio London, as well as an online Guardian piece debating "how old is too old for a bedtime story" with BookTrust at the forefront. This piece sparked lots of engagement with BookTrust, including a thread on Mumsnet. There was also some engaging trade and online press coverage for the campaign in titles like- Bookseller, Bookbrunch and Parenta. We also brought the Time to Read message into our school stakeholder events, supporting teachers to create a reading for pleasure culture in their schools.

The BookTrust inaugural annual lecture with our President Michael Morpurgo was a huge success, attracting an audience of influencers in government, local government, education, health, early years and publishing. Michael's call for storytime in primary schools trended on twitter, and press coverage for the event included The Daily Mail, BBC online, Daily Express and more. The story was also the headline story on the ITV news peak time.

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Campaigns, prizes and ambassadors (continued)

Children's Book Week saw seven author events in schools around the country, a 'Great Books Guide' being sent to all schools, and a survey of teachers to generate press coverage. The events were warmly received by schools, children and the authors themselves. We also co-created a Live Lesson with CBeebies, which was delivered into primary schools across the country.

Our prizes go from strength to strength. The BookTrust Lifetime Achievement Award was awarded to Judith Kerr in May 2016 and to Raymond Briggs in February 2017; both ceremonies were attended by high profile authors and illustrators as well as publishers. Four months after receiving the award, Raymond Briggs received a CBE in the Queen's Birthday Honours list for his services to literature.

The Blue Peter Book Award received 182 entries (up from 166 in 2016); judges included author and illustrator Sarah McIntyre and Radio and TV presenter Nihal Arthanayake. More than 2,500 votes were cast by children across the UK, and the media/social media reach was over 3 million.

In Other Words is a new time-limited programme launched this year to showcase great children's book writing from outside the UK and to help UK publishers to acquire children's books in translation, supporting more diversity in children's publishing. A total of 386 submissions were received in 41 languages from 48 countries which showed awareness of the project reached around the world, and to all continents bar Antarctica. Eight titles selected by a panel of judges were partially translated and, of these, 4 selected as outstanding 'Honour' titles were showcased to publishers. The books selected ranged from a heartwarming story of first friendship from South Africa to a powerful novel set in Stalin's Russia. Three out of four of the honour titles have now been contracted by UK publishers.

Publishers:

We work in close partnership with publishers which enables us to purchase the best quality books for our programmes at an extremely competitive cost, which are a key foundation to our work. Publishers support our objectives to get more children reading, they enhance our messaging and campaigns with their own PR and social media, and provide us with funding. BookTrust is committed to helping publishers bring great books and authors to all children.

Digital:

We reach children and families with physical books and resources, but also through digital resources; digital channels also help us expand our reach to get families everywhere engaged in reading with their children.

We are working towards a new website which will launch in the summer of 2017 and will be designed in a way that it is easy for users to navigate and to find the content they need quickly, as well as flexible enough for the digital team to update and adapt to the needs of the charity. We are confident that the new site will engage users and increase our reach, as well as enabling us to create content easily to support parents and practitioners, whilst maximising the existing content which has previously been difficult to showcase.

Social media remains an important communication channel for us and in the past year we've seen a substantial growth in followers and engagement on our current platforms. We have implemented new systems and processes, so that we can plan our content carefully and report on how we are doing and then take that insight and learnings to create the right content for our audiences.

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Digital (continued)

Digital is our core tool for getting book curation and recommendations to the widest possible audience; engaging parents, children and professionals easily to access great book ideas, including a diverse range of stories, authors and new talent as well as established authors and publishers. We continue to create digital assets to support engagement with reading in the early years, such as our Bath Book Bed Daddy Pig video cartoon and tips on reading, along with investing in engaging video and audio content to promote and recommend books and authors.

Press:

We continue to promote our programmes, campaigns, prizes and messaging on the importance of children's reading, consistently securing national and regional press coverage including national broadcast, regional broadcast, regional radio, national newspapers and magazines, as well as trade and specialist press.

Marketing:

We reach 3,769 secondary school contacts, 2,995 primary schools contacts and 71,972 families with our email newsletters. We have developed a content strategy to ensure that our newsletters are full of relevant and interesting information and we are now reviewing and cleaning up the data lists in line with new data protection. 2016/17 has also seen us updating our many and varied resources for families and professionals, including the launch of a modernised Bookstart Bear.

Funding:

The funding environment remains challenging for us as for all charities. BookTrust continues to build a broad funding approach to maintain its future sustainability. We work closely with the Arts Council, our key funder in England, to demonstrate the value and impact of our work and to make links across the wider cultural environment locally and nationally. This year saw ever closer working with the Arts Council and we were delighted to receive news in June 2017 that our core funding (£23m in total) has been renewed for a further 4 years. This reflects both the importance and quality of the work we do and the Arts Council's deep commitment to supporting children and young people, and literature

We work closely with the Welsh Government to deliver high quality programmes that respond to developing priorities and the changing context in Wales; and we are working with a number of funders in Northern Ireland including the Northern Ireland Arts Council, Belfast Harbour and SONI. We are also building on our individual giving, corporate sponsorship, and corporate social responsibility funding, whilst developing our group of programmes which are funded by individual purchasing.

With our strategic focus remaining in early years, and with a commitment to universality as well as our targeted work, we have developed a clear and detailed fundraising strategy as part of our strategic plan, with the priority being to develop long term unrestricted funding which can support our early years and universal work. To achieve this, we are implementing a corporate fundraising strategy that creates real partnerships with businesses that have an affiliation for reading and our work. We already have a close and long-term fundraising relationship with Waterstones, with new support this year from Dorling Kindersley; we are now developing relationships with other key corporates who can help us achieve our mission. Alongside this we are developing a mass market individual giving 'Friends' scheme aiming to provide long term, sustainable, cost effective unrestricted income plus a wide database of supporters and champions. Our strategy to develop unrestricted funding to develop our core programmes requires investment and is challenging, and will take time to achieve growth.

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Funding (continued)

We are also keeping under ongoing review how we work in a focused way with trusts and foundations and high net worth individuals; for example, we value highly our long-standing relationship with the Unwin Trust, and this year we are delighted to have secured new and generous support from the Mohn Westlake Foundation. Our legacy work has shown initial promise and we will ensure that we are covering the appropriate channels to develop this long-term funding stream. We also have in place our Patron scheme, the Chapter, as a means to recognise our higher-level donors.

Alongside our government funding and fundraising activity, we are also proud of our traded programmes (Letterbox club and Bookbuzz) which enable individual Local Authorities and schools to purchase programmes to further support children to develop a reading habit.

In 2016/17 BookTrust met all its income targets, making us confident of our income strategy going forward.

Financial Review

Our Early Years programmes (as described above) continue to be primarily restricted-funded by central government (Arts Council England [ACE] £3.93 million) and the Education Directorate Welsh Government £ 0.70 million), with ACE also contributing significantly to our primary and secondary school's activities.

This year we have maintained our diversified income streams - Letterbox Club (£1.37 million), Bookbuzz (£0.45 million) 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.

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 2016-17 we would particularly like to thank for their generous support:

- All our publishing partners
- Local Authorities
- Arts & Business NI
- Arts Council England
- Arts Council of Northern Ireland
- Belfast Harbour
- CPF Trust
- Education Directorate Welsh Government
- Ernest Cook Trust
- First Book
- Fostering Network (DE) Northern Ireland
- Garden House School Parents' Association
- Halifax Foundation for Northern Ireland
- Pearson PLC
- Prudential Services Ltd
- Ralph Lauren Europe Sàrl
- SONI
- Unwin Charitable Trust
- Waterstones Booksellers Ltd
- Welsh Department for Education and Skills
- XL Catlin

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Future Plans

Over the next year, we will continue to be ambitious with our plans, whilst acknowledging the ongoing political environment, which is impacting on our partners' ability to deliver our programmes as well as cost rises owing to currency fluctuations. We are ever focused on delivering our work efficiently and effectively.

This includes continuing to review what we do and how we do it. To further understand and demonstrate the impact of our programmes we will continue to develop and deliver monitoring and evaluation across our work; we will also embed our Theory of Change approach to improve and develop programmes, and review and further develop the evidence base underneath our programme models.

We also want to understand more, through our segmentation work, who needs us most and how we can best reach and engage them.

But we also want to make sure that everyone is talking about children's reading and understands the benefits, which means that our campaigns will grow ever-more ambitious. Bath Book Bed will see leaflets being distributed via children's centres and libraries to 450,000 families of babies and young children. We are going to be working with Sainsbury's, EOne, and Penguin Random House on an exciting partnership that leverages the Peppa Pig brand to get children and families excited about reading. The new Children's Laureate, Lauren Child, will be appointed at a major event in Hull, City of Culture and will deliver the second BookTrust Annual Lecture in the autumn. Finally, our new website will launch, along with the introduction of our new CRM system, which will enable us to deliver content directly to those who want it, whilst ensuring that we rigorously meet the requirements of new fundraising and data protection regulations.

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.
- 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).

The Trustees have a risk management strategy which comprises:

- 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 2017-18 business plan;
- A focus on our partnership activity, and how we can support our partners at local authority and at national level;
- 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;

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- 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.

Arising from this, 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.

During 2016-17, the Board agreed to transfer a total of £5million held in cash into five individual short-term deposit accounts, of £1million each. This delivered a marked improvement on the return achieved upon the cash balance held by the Charity, while maintaining a cautious approach to risk. A full review of the investment policy is planned to be undertaken in 2017/18.

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 2017 at £9,338,813, the target for the unrestricted funds should accordingly lie between £3,112,938 and £4,669,406. The actual fund balance at 31st March is £5,006,525, of which £850,000 has been designated for specific use. In view of current global economic and political uncertainties, this marginal reserves excess is considered reasonable.

The Trustees have agreed that there should be a planned and limited spend-down of reserves over the next four years to be expended on projects of impact, an ambition that has been incorporated into the 2017-18 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 2017

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
Nicola Briggs	
Sam Hudson	
Hsin Loke	(appointed April 2016)
Santiago de la Mora	(resigned September 2016)
Meredith Niles	
Hugh Shanks	Vice Chair (appointed as Vice Chair 25 May 2016)
Fiona Wheeler	(resigned September 2016)
Fiona Johnson	
Claire Malcolm	
Eleanor Shawcross Wolfson	(appointed November 2016)
Derek Wyatt	

Chief Executive

Diana Gerald

Company Secretary

Katie Germer (appointed as Company Secretary June 2017)

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 2017

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 and a standing committee on Business and Finance. In 2016/17, two further permanent committees were established: an HR and Nominations Committee and a Fundraising and Development Committee.

There is an annual review of board effectiveness which includes input from the Chair's formal discussions with individual Trustees and from an appraisal of the Chair by all Trustees.

In 2016/17 a full review of governance at BookTrust was undertaken by an independent consultant, assessing practice against the Code of Good Governance. As a result of recommendations made, terms of reference to the Committees were reviewed and updated, and training and development opportunities for Trustees regularly shared. An annual skills audit of Trustees is undertaken to ensure the right balance of skills and experience on the Board. A top priority is our aim to increase board diversity and the Board is actively seeking to improve the diversity of Trustee membership through its recruitment processes.

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
Colin Atkins: Chief Operating Officer
Natasha Armstrong: Director of Evidence & Innovation; Director of Wales & Northern Ireland
Gemma Malley: Director of Communications and Development
Jill Coleman: Director of Children's Books

All personnel aside from the CEO and senior leadership team 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 & Nominations Committee. Remuneration of the CEO and SLT is agreed by the Board based on a formal performance evaluation and external benchmarking.

BOOKTRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

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;
- > 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, and are encouraged to attend events and training specifically for charity 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: 8 November 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOKTRUST

We have audited the financial statements of BookTrust for the year ended 31 March 2017 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 16, 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 2017 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.

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 Trustees' Annual Report (which incorporates the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' Annual Report (which incorporates the directors' report) has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' report).

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: 8 November 2014

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 2017

	Notes	Unrestricted funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Income from:					
Donations and legacies		530,156	-	530,156	500,474
Charitable activities:					
Early years		104,574	4,501,606	4,606,180	4,573,506
Primary		-	827,773	827,773	864,742
Secondary		453,255	614,541	1,067,796	1,112,159
Looked-After Children		1,520,885	-	1,520,885	1,380,509
Campaigns and Promotions		616,149	133	616,282	876,619
Other trading activities		966	-	966	72,298
Interest	2	41,925	-	41,925	15,990
Other		54	-	54	538
		<u>3,267,964</u>	<u>5,944,053</u>	<u>9,212,017</u>	<u>9,396,835</u>
Expenditure on:					
Raising funds		402,139	-	402,139	291,001
Charitable activities					
Early Years		126,418	4,548,197	4,674,615	4,606,202
Primary		-	988,725	988,725	808,944
Secondary		293,251	751,469	1,044,720	838,479
Looked-After Children		1,353,376	135,111	1,488,487	958,492
Campaigns and Promotions		721,187	18,940	740,127	818,456
		<u>2,896,371</u>	<u>6,442,442</u>	<u>9,338,813</u>	<u>8,321,574</u>
Net income before gains on investments	4	371,593	(498,389)	(126,796)	1,075,261
Net (loss)/gain on investments	7	151,927	-	151,927	(36,105)
Net income		<u>523,520</u>	<u>(498,389)</u>	<u>25,131</u>	<u>1,039,156</u>
Net movement in funds		523,520	(498,389)	25,131	1,039,156
Total funds brought forward		4,483,005	3,561,539	8,044,544	7,005,388
Total funds carried forward		<u>5,006,525</u>	<u>3,063,150</u>	<u>8,069,675</u>	<u>8,044,544</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 2016 are shown in note 16.

BOOKTRUST

BALANCE SHEET

0210012

AT 31 MARCH 2017

	Notes	£	2017 £	£	2016 £	£
CURRENT ASSETS						
Investments	7	1,344,596			1,192,669	
Debtors	8	2,265,566			1,841,230	
Cash at bank and in hand		6,524,459			7,053,555	
			10,134,621		10,087,454	
Creditors: amounts falling due within one year	10	(2,064,946)			(2,042,910)	
NET CURRENT ASSETS				8,069,675		8,044,544
NET ASSETS				8,069,675		8,044,544
FUNDS						
Restricted funds	12		3,063,150		3,561,539	
Unrestricted:						
General fund	12		4,156,525		3,533,005	
Designated funds	12		850,000		950,000	
				8,069,675		8,044,544

Approved and authorised for issue by the board of directors on 8 Nov 2017 and signed on their behalf by

Karen Brown



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) Directors

Peter Roche



BOOKTRUST**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016
	£	£
Cash flows from operating activities		
Net income before investment gains/(losses) for the reporting period (as per the statement of financial activities)	(126,796)	1,075,261
Interest received	(41,925)	(15,990)
(Increase)/Decrease in debtors	(424,336)	587,334
Increase/(Decrease) in creditors	22,036	(563,699)
Net cash provided by operating activities	(571,021)	1,082,906
Cash flows from investing activities		
Interest received	41,925	15,990
Change in cash in reporting period	(529,096)	1,098,896
Analysis of cash and cash equivalents		
Cash in hand		
Balance brought forward	7,053,555	5,954,659
(Decrease)/Increase in year	(529,096)	1,098,896
Balance carried forward	6,524,459	7,053,555
Cash in hand		
Bank balance	6,524,062	7,053,495
Cash	397	60
	6,524,459	7,053,555

1 Principal accounting policies

(a) General Information

BookTrust is a UK-registered charitable company limited by guarantee. Its registered offices are at G8 Battersea Studios, 80 Silverthorne Road, Battersea, London SW8 3HE.

(b) 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 (FRS 102) (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).

(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 12.

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 12.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 and Cash Equivalents

Cash at bank and in hand includes cash and short term investments with a maturity of six months or less from the reporting date.

(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 and 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.

(o) Significant Accounting Judgements and Sources of Estimation Uncertainty

There are no areas in the accounts where management has been required to make significant judgements or estimations due to uncertainty.

2. INTEREST INCOME

	2017	2016
	£	£
Other interest receivable	<u>41,925</u>	<u>15,990</u>

3. ALLOCATION OF SUPPORT COSTS

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

SUPPORT COSTS	2017		2016	
	Charitable Activities £	Fundraising £	Total £	Total £
Support staff	73,546	-	73,546	73,806
Professional	12,462	-	12,462	20,799
Establishment	219,364	-	219,364	235,512
Office costs	177,239	1,219	178,458	170,053
CRM & Web Development Costs	433,350	-	433,350	-
Marketing, Comms & Fundraising	32,855	171,368	204,223	32,171
Finance	2,979	412	3,391	3,299
Reallocation of governance costs	17,404	3,207	20,611	24,854
Total	969,199	176,206	1,145,405	560,494

All costs against Marketing, Comms & Fundraising in the Fundraising column relate to publicity, promotion and marketing costs associated with investment in the BookTrust Friends Programme.

4. NET INCOMING/(OUTGOING) RESOURCES

This is stated after crediting the following:

	2017 £	2016 £
Subscriptions, donations and gifts including donations made under Gift Aid	79,716	377,593
Grants – Arts Council England	208,433	181,808

Direct costs and other operating charges include:

Operating leases		
- hire of equipment	6,084	6,937
- rents payable	187,239	138,658
Auditors remuneration		
- Audit services	12,300	12,350
- Non-audit services	1,400	2,220

5. STAFF COSTS

	2017 £	2016 £
Salaries	2,455,743	2,183,933
Social security costs	259,821	229,300
Pension costs	170,801	144,710
Redundancy and termination payments	26,948	4,987
	2,913,313	2,562,930

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. STAFF COSTS (continued)

	2017 Number	2016 Number
Number of employees receiving total gross remuneration in the year in the range:		
£60,000 - £70,000	3	1
£90,000 – £100,000	1	1
	<u>4</u>	<u>2</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 £477,394 (2016: £386,913).

Total employer pension contributions in the year for these staff members were £25,845 (2016: £19,370).

	2017 Number	2016 Number
The average number of employees by function, was		
Charitable activity	55	53
Development and Fundraising	5	4
Administration and support	10	10
	<u>70</u>	<u>67</u>

The trustees have not received any remuneration or benefits in kind during the year (2016: nil).

	2017 Number	2016 Number
Number of trustees reimbursed expenses during the year	<u>1</u>	<u>3</u>

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

	£	£
Travel	1,005	235
Accommodation	254	195
Subsistence	-	205
	<u>1,259</u>	<u>635</u>

The total of donations received from Trustees in the year was £1,858 (2016: £1,850)

6. TAXATION

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

7. INVESTMENTS	2017 £	2016 £
Quoted investments		
Market value as at 1 April 2016	1,192,669	1,228,774
Realised investment gain/(loss)	151,927	(36,105)
	<u>1,344,596</u>	<u>1,192,669</u>
Market value as at 31 March 2017	<u>1,344,596</u>	<u>1,192,669</u>
Historic cost as at 31 March 2017	<u>1,000,000</u>	<u>1,000,000</u>

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

	2017 £	2016 £
SA Sequel Caution Target Return	<u>1,344,596</u>	<u>1,192,669</u>

Cash funds totalling £5,000,000 were invested in 5 different investment accounts of £1million in each, during the period. Accrued interest of £27,559 relating to these cash investments has been recognised in the period.

8. DEBTORS	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	910,895	817,087
Other debtors	206,263	137,464
Amount owed by subsidiary	853	853
Prepayments and accrued income	1,147,555	885,826
	<u>2,265,566</u>	<u>1,841,230</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	2017 £	2016 £
Amounts falling due within one year:		
Trade creditors	928,147	682,098
Other taxes and social security	82,663	65,780
Accruals	104,201	303,480
Deferred income	849,247	924,991
Other creditors	100,688	66,561
	<u>2,064,946</u>	<u>2,042,910</u>
11 FINANCIAL INSTRUMENTS	2017 £	2016 £
Financial Assets		
Financial assets measured at amortised cost	7,479,837	7,876,278
Financial assets measured at fair value through profit or loss	1,344,596	1,192,669
	<u>8,824,433</u>	<u>9,068,947</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	1,032,348	985,578
	<u>1,032,348</u>	<u>985,578</u>

Financial assets measured at amortised cost include cash, trade receivables, other receivables excluding tax receivables, and accrued income.

Financial assets measured at fair value through profit or loss include investments in securities which are publicly traded.

Financial liabilities measured at amortised cost include trade payables and accruals.

12. FUNDS

	1 April 2016 £	Incoming Resources £	Resources Used £	Transfer Between Funds £	Investment Gains £	31 March 2017 £
Unrestricted Funds						
General Fund	3,533,005	3,267,964	(2,296,371)	(500,000)	151,927	4,156,525
Designated Funds						
IT and Infrastructure Development	150,000	-	-	(150,000)	-	-
CRM Development	-	-	-	150,000	-	150,000
Web Communications Development	300,000	-	(300,000)	140,000	-	140,000
Income Diversification	300,000	-	(300,000)	360,000	-	360,000
Research and Programme Development	200,000	-	-	-	-	200,000
	<u>4,483,005</u>	<u>3,267,964</u>	<u>(2,896,371)</u>	<u>-</u>	<u>151,927</u>	<u>5,006,525</u>
Restricted Funds						
Promotions	14,383	133	(601)	-	-	13,915
Children's Reading Fund	296,434	-	(135,111)	-	-	161,823
Education	8,157	-	-	-	-	8,157
Early years	2,533,030	4,501,606	(4,548,197)	-	-	2,486,439
Secondary	442,092	614,541	(751,469)	-	-	305,164
Primary	249,104	827,773	(988,725)	-	-	88,152
Campaigns & Promotions	18,339	-	(18,339)	-	-	-
	<u>3,561,539</u>	<u>5,944,053</u>	<u>(6,442,442)</u>	<u>-</u>	<u>-</u>	<u>3,063,150</u>
	<u>8,044,544</u>	<u>9,212,017</u>	<u>(9,338,813)</u>	<u>-</u>	<u>151,927</u>	<u>8,069,675</u>

Unrestricted Funds

The general fund stood at £ 4,156,525 at 31st March 2017 and included recognised gains in the period of £ 151,927 from 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.

A total of £500,000 has been transferred out of Unrestricted Funds to Designated Funds: £140,000 to the Web Communications Development fund, and £360,000 to the Income Diversification fund (see notes on individual Designated Funds below).

Designated Funds

IT and Infrastructure Development reserve was intended to cover exceptional costs to respond to changes driven by new processes and technological innovation. Due to changes to the strategy in the development of IT and infrastructure, these fund has been transferred to the CRM Development fund.

BOOKTRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

CRM Development fund represents the costs of developing an integrated database. These funds were transferred out of the Web Communications Development fund. It is anticipated that this expenditure will be incurred by the end of the 2017/18 period.

Web Communications 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 2017/18 period.

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

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 £2,486,439.

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

Primary funds 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.

13. DEFERRED INCOME

	Letterbox £	Story Hunters £	BookBuzz £	Children's Laureate £	Total £
Balance at 1 April 2016	903,439	-	21,552	-	924,991
Released to incoming resources	(903,439)	-	(21,552)	-	(924,991)
Amount deferred in the year	832,002	185	15,060	2,000	849,247
Balance as at 31 March 2017	832,002	185	15,060	2,000	849,247

Deferred income for Letterbox, Story Hunters and Book Buzz comprises of packs sales in advance of delivery.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted funds £	Total £
Current assets	6,287,643	3,846,978	10,134,621
Current liabilities	(1,281,118)	(783,828)	(2,064,946)
Net assets	<u>5,006,525</u>	<u>3,063,151</u>	<u>8,069,675</u>

15. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due:

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
Less than one year	146,751	389	146,751	6,084
1 to 5 years	168,999	-	344,500	-
	<u>315,750</u>	<u>389</u>	<u>491,251</u>	<u>6,084</u>

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

	Notes	Unrestricted funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
Income and endowments from:				
Donations and legacies		500,474		500,474
Charitable activities:				
Early Years		122,934	4,450,572	4,573,506
Primary		-	864,742	864,742
Secondary		454,255	657,904	1,112,159
Looked-After Children		1,380,509	-	1,380,509
Campaigns and Promotions		840,017	36,602	876,619
Other trading activities		-	72,298	72,298
Interest		15,990	-	15,990
Other		538	-	538
		<u>3,314,717</u>	<u>6,082,118</u>	<u>9,396,835</u>
Expenditure on				
Raising funds		224,759	66,242	291,001
Charitable activities				
Early Years		190,785	4,415,417	4,606,202
Primary		-	808,944	808,944
Secondary		181,953	656,526	838,479
Looked-After Children		958,492	-	958,492
Campaigns and Promotions		783,290	35,166	818,456
		<u>2,339,279</u>	<u>5,982,295</u>	<u>8,321,574</u>
Net income before gains/ (losses) on		<u>975,438</u>	<u>99,823</u>	<u>1,075,261</u>
Net gains on investments		(36,105)	-	(36,105)
Net income		<u>939,333</u>	<u>99,823</u>	<u>1,039,156</u>
		<u>939,333</u>	<u>99,823</u>	<u>1,039,156</u>
Net movement in funds				
Total funds brought forward		<u>3,543,672</u>	<u>3,461,716</u>	<u>7,005,388</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>

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

17 DAVID COHEN PRIZE AND NEW WRITING NORTH

New Writing North is a registered charity that supports writing and reading in the North of England.

In November 2016 the Board of Trustees made a decision to hand over the running of the David Cohen Prize to New Writing North. It was therefore agreed that BookTrust would make a payment of £50,000 to New Writing North to cover the running costs of the prize for the financial year 2017/18.

Clare Malcolm became a member of the BookTrust Board of Trustees in October 2015. She is also CEO of New Writing North. She removed herself from the decision-making process concerning the transfer of the running of the David Cohen Prize and exercised no influence over the outcome reached.

As one of eleven Trustees this situation falls short of the thresholds for control or significant influence as outlined in the Charity SORP and, as such, the disclosure set-out here is done so voluntarily.