

BOOKTRUST
(Limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

Charity Number: 0313343
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BOOKTRUST
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FOR THE YEAR ENDED 31 MARCH 2018

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BOOKTRUST

CHAIR'S REPORT

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Getting children reading is a mission with many aims and objectives, from language development to school readiness; from wellbeing to academic achievement. Simply put, reading can be a game changer. The child who enjoys reading will see doors open in front of them. Their communication skills will improve, their confidence will increase, their ability to tackle academic work (whatever the subject) will strengthen, and their vocabulary will rise. Reading (shared reading in particular) is also an opportunity for conversation, for bonding and for opening up their imaginations.

But reading does not simply 'happen'. The truth is that reading can sometimes be a hard slog for children, particularly when they are not confident readers, or are not surrounded by confident readers, or even if they are simply tackling something more challenging. This is why we're so passionate about reading together, and why we encourage families to continue the bedtime story (or the morning story/mid-afternoon-story/whatever-time-of-day-works-for-a-family-story) even when children have mastered the art of reading for themselves. Being able to read is a critical skill but learning to enjoy reading means allowing children to sometimes get lost in the narrative or in the information being conveyed if the book is non-fiction, which is far easier when sometimes an adult takes on some of the reading.

It's why we focus on changing attitudes as well as behaviours, why we do everything we can to make reading something that parents and carers choose to do with their children and enjoy doing. We suggest reading for ten minutes a day, an amount of time that feels workable for most families. We pick books that are bright, fun, exciting; we help guide parents and carers towards other books that their children are likely to enjoy and we want to enthuse rather than preach.

It's also why we offer both universal and targeted programmes. Universal, because it ensures we reach everyone, ensures that we create an environment where reading is valued by everyone, and ensures that no one sees our books and resources as anything other than positive support for every child. Targeted, because we want to make sure that children and families who need more support can get it, because we want to focus our efforts where we can make the biggest difference, whether that's children who are in care, children with English as a second language, children with learning difficulties or disabilities, or children from challenging socio-economic backgrounds.

This year, we published the results of an exciting research project looking at different families' approaches and attitudes to reading. What is striking is how different families' views of reading is, from those who read every day, not for pleasure but because of the educational benefits, through to those who are more interested in pleasure seeking, and those who don't enjoy reading, don't want to read and don't see the point of picking up a book and how those views form children's lifelong attitudes to reading. If we are going to get children reading, we need first to help parents to understand that it is important, and we need to help parents to see reading as something that can be enjoyed, that is about pointing at pictures and using silly voices and not perfect pronunciation or fluency.

Next year, and the years after, we will take this research and use it to inform our programmes and campaigns. We need to reach more of the children who really need our support, with innovative programmes that make children think that reading is 'for them'. We need to support parents and carers, building their confidence so that they, in turn, can support their children.

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We continue to be supported by an incredible network of local authorities, health visitors, publishers, authors and other supporters, for whose contribution we are hugely grateful. I would also like to thank our funders, including the Arts Council of England, the Welsh Government, Waterstones and the Mohn Westlake Foundation for their unstinting support, along with our staff and trustees.

Together, we can get every child reading.

John Coughlan
Chair of Trustees

Some highlights from 2017-18

This year we reached more than 3.4 million children across the UK with books, resources and advice to support their reading.

We celebrated 25 years of Bookstart, celebrating the Bookstart Coordinators who work across every local authority to reach families with books, resources and advice.

We published in-depth research into reading habits of families across the UK to understand better their motivations and interests.

We launched our new website, bringing together eight separate sites into one.

We worked with high profile influencers including Nadiya Hussain, Dermot O'Leary, DJ and presenter Fearne Cotton and presenter Lauren Laverne to get our reading message out to families.

Our Christmas fundraising campaign enabled us to send a book to over 9,000 children in care at Christmas as part of our award-winning Letterbox Club programme.

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

Our 'what to read next' service launched online, enabling families to find the right book to keep their child reading.

Lauren Child, Waterstones Children's Laureate, delivered the BookTrust Annual Lecture on why it's important to spend time staring into space and published a series of creative resources to help children use books to discover their own inspiration.

Our Lifetime Achievement Award celebrated the incredible achievements of John Burningham and Helen Oxenbury in a double award. The authors and illustrators just happen to also be a married couple. On winning the award, Helen Oxenbury said: *'It's particularly lovely as we have been awarded this honour jointly – and to get an award from BookTrust who know everything there is to know about children's books is just wonderful.'*

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The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2018.

Who we are

BookTrust is dedicated to getting children reading because we know that children who read are happier, healthier, more empathetic and more creative; they also do better at school.

We are the UK's largest children's reading charity; each year we reach 3.4 million children across the UK with books, resources and support to help develop a love of reading, because we know that reading can transform lives.

Our books and resources are delivered via health, library, schools and early years practitioners, and are supported with guidance to encourage the reading habit.

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 two million families across the UK.
- We run targeted programmes for those children and families 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, who 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-informed organisation 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.
- Diversity and inclusivity are core to who we are and our programmes with national and universal reach are a key contribution to the long-term nation-wide diversity of audience of readers, as is our increasing support and advocacy for diversity within children's literature.
- 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.

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To make this happen we are the lynchpin of an extraordinary national network of partners that include; 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.

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 2017-18

Bookstart turns 25

'Someone once said there are three important documents in life: birth certificate, passport and library card. Introducing families to book-sharing through Bookstart has given me a greater understanding of the power of stories and rhymes on a person's wellbeing, not just the child but also the parent or carer as a first teacher and myself as a person in a position to offer the gift of books.'

Anne Frost, Bookstart Coordinator Award winner

Supporting children in care

'I loved all the books and all the exciting activities. You really took my mind off my problems.'

Letterbox Club recipient

Early Years

- *Bookstart Baby* is BookTrust's key early intervention programme which was delivered to 580,000 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.
- *Bookstart Treasure* is BookTrust's universal early intervention reading programme for every 3-4 year old child in England. The programme, which reached 680,000 families this year, includes a carefully selected high quality book, rhymes and activities (and advice and guidance on reading and rhyming with children).
- *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 1,036 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).
- *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

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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 12,000 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 and reached 32,500 families.
- 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. In 2017, there were significant scale events across the country, including high profile events in Liverpool, Sheffield and Wokingham at which families were joined by local councillors, mayors and stakeholders, as well as local and regional press. This year's theme – Bird Boogie – was centred around our National Bookstart Week book, 'A Busy Day for Birds' by Lucy Cousins. Over 440,000 books and resources were distributed across the country as part of National Bookstart Week.

Primary and Secondary Programmes

- BookTrust's Time to Read programme helps provide every child starting school with the chance to enjoy a story. In 2017-18, over 740,000 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.
- School Library Pack is a programme 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 reluctant readers, 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 storytelling in 2017-18.
- Bookbuzz is a programme designed to inspire a love of reading in students aged 11-13 years (Years 7 and 8) through engaging with varied and high-quality books, support to choose books and ownership of a chosen book. In 2017-18 we had a huge response from schools signing up to Bookbuzz: 215,500 pupils in 1,327 schools.

We continually review our programme portfolio to ensure that our programmes are reaching the children who need us most in the best way to achieve maximum impact and value for money. To this end, this was the last year of our Beyond Booked Up and Ant Club programmes. Both targeted programmes were originally launched as targeted offers in 2011 and provided free resources for teachers to boost students' communication skills and confidence with stories through reading, writing and spoken language activities.

- 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

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schools receive a package of classroom materials to use with 4-6 year old pupils in Reception and Year 1.

- *Beyond Booked Up* is designed to inspire a love of reading in students aged 11-13 (Years 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 financial year 2017-18 we distributed the packs to 375 schools.

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 2017-18, we reached nearly 11,000 children aged 3-13 in 129 local authorities across the UK. We're set to reach over 11,000 children in 2018-19. 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 school heads who are our key partners in delivering the programme.

Wales

Early Years

We provided Bookstart/Dechrau Da packs for 60,000 families in Wales in 2017-18, continuing to work closely with libraries in Wales and Health visitors. The Bookstart Dechrau Da programme in Wales was extended to include materials to promote early booksharing with very young babies and resources designed to help families engage in fun reading, talking and rhyme sharing activities.

We celebrated Bookstart's 25th anniversary for Wales with a birthday party at the iconic Pierhead Building in Cardiff Bay, attended by children and families and Eluned Morgan, the Minister for the Welsh Language and Lifelong Learning. The Wales Children's Poet (Bardd Plant Cymru), Casia William, wrote a special commission to celebrate the event.

We provided training to over 180 early years practitioners in Wales through our Superbox conference and additional events. The events promoted the importance of engaging families in sharing books, stories and rhymes and we made sure that practitioners went away full of practical ideas and inspiration – as well as with over 5,300 Bookstart books to use in their settings.

Primary and Secondary school

Every child in reception year in Wales received literacy and numeracy resources through our established Pori Drwy Stori programme – that's over 190,000 resources in total. The programme supports parents and carers to engage in their child's learning, especially literacy and numeracy. This year, we worked closely with teachers, family engagement officers, universities and advisors from local authorities and Education consortia to deliver and develop the programme.

Research, Evaluation and Development

We received additional funding from Welsh Government (Education Directorate) to develop our programmes in Wales to support oracy skills and outcomes. This work involved developing new family focused resources for the Bookstart packs and piloting the Letterbox Club early years offer for children who are looked after to over 125 children in Wales. We also developed an extension of the Pori Drwy Stori programme to support children aged 3-4 in Nursery to develop oracy skills, focusing on sharing rhymes and stimulating fun and engaging reading for pleasure experiences, focus on parental engagement in learning and the home – school/ setting link. The Pori Drwy Stori Nursery programme will be rolled out to approximately one third of children in Wales in this age group in 18-19.

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Northern Ireland

- BookTrust Northern Ireland received funding for the *NI Author Tour* through Arts Council Northern Ireland 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 Sarah Crossan, Chris Riddell, Alex T Smith, Paul Cookson and Paul Howard. Over 1,000 children taking part in the project 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 visits.
- BookTrust and Belfast Harbour agreed a three-year partnership (2017-2020) to encourage and support Belfast families to enjoy and read books with their children. The partnership supports the gifting of Bookstart Baby packs to 1,000 families across Belfast, *National Bookstart Week* in Northern Ireland and a *teenage author project* for 200 pupils. This partnership won the Arts & Business NI Cultural Engagement Award in January 2018.
- SONI (Systems Operator Northern Ireland) chose BookTrust NI as their charity of the year for the second year running and we were able to provide a further 1,000 families with *Bookstart Baby* packs and exciting family events in Armagh and Garvagh.

Research, evaluation and development

At BookTrust we prioritise understanding how our programmes work, for whom and in what conditions. Year on year we work closely with our delivery partners to evaluate our programmes. Findings from this year's annual surveys include:

- 78% of practitioners said that Bookstart Baby increased the frequency that parents/carers read with their child.
- 86% of practitioners said that Bookstart Baby supported parents/carers to share books with their child at an earlier age.
- 75% of practitioners said that Bookstart Treasure positively changes the way that parents/carers read with their child.
- 79% of teachers said that Time to Read increased children's enjoyment of reading.
- 73% of practitioners said that children who are looked after spend more time reading for pleasure as result of taking part in the Letterbox Club.
- 64% of practitioners said that School Library Pack encouraged students to read more often.
- 67% of practitioners said that Special School Library Pack encouraged students to read more often.

We continue to develop the quality of our evaluation. To support this, we have developed a 4-year evaluation plan for our programmes which includes exploring a large scale impact evaluation.

Our research has supported us to:

Better understand our beneficiaries

- Our Family Reading Segmentation, conducted in 2016/17, breaks down the types of families that exist when it comes to reading for pleasure, based on how they feel about reading and their reading habits. We have been working with partners to apply learning from the segmentation to improve how we collectively support families to enjoy reading.
- Our research with foster carers helped us to understand carers' reading habits and attitudes, how they engage with reading with their foster children (particularly reading for pleasure), any barriers they face and any support that they need. This is informing how we can better support carers through our Letterbox Club programme.

Improve knowledge about diversity in children's book publishing. We have commissioned UCL to conduct a project called 'Diverse Voices' which looks at representation of authors and illustrators of colour in children's books over the past decade. This will be reported in 2018/19.

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Anticipate and adapt to changes in the environment in which we deliver our work. We commissioned a horizon scan of the early years sector, focusing particularly on the medium-term (2-5 years) future for children's centres. This work aims to future proof BookTrust's early years programmes by enabling us to anticipate and adapt to changes in the sector.

Develop Best Practice Programme models for Bookstart Baby and Treasure to ensure that our delivery partners are clear about what really makes a difference when delivering our programmes to families.

We have worked with partners across the reading sector to:

Test and refine the Reading Outcomes Framework Toolkit. The toolkit was developed by a coalition of organisations led by The Reading Agency to improve evaluation of reading for pleasure projects across the sector. BookTrust supported two key activities commissioned by the coalition:

- Piloting the toolkit with five different settings (libraries, education, voluntary sector organisations, prisons and health) to improve their evaluation activity and test the effectiveness of the toolkit.
- Conducting a systematic review and assessment of measures of reading for pleasure to improve the quality of measurement across the sector.

Develop the Read On, Get On (ROGO) index – The ROGO index is based on a holistic model of reading well at age 11. The model describes a good reader at 11 as having strong cognitive skills (including phonics and decoding), affective processes (including high levels of reading enjoyment) and reading behaviours (including reading outside school on a daily basis). This is the first comprehensive measure of children's reading at age 11 and informs the work of policy makers, charities and practitioners working to improve children's reading, and was developed by a coalition of reading charities.

Campaigns, prizes and ambassadors

Time to Read

Time to Read is one of BookTrust's core campaigns, encouraging families to have lots of fun reading together, even once their children are old enough to read independently. We reached over 700,000 reception-aged children with a fun book and resources to take home, and ran a campaign asking parents to find just ten minutes a day to read with their children. Our media campaign reached over 20 million people including interviews and features on ITV, London Live as well as BBC Radio 5 Live and the Mail online. The campaign was supported by a number of high profile influencers including TV presenter Dermot O'Leary, DJ and presenter Fearne Cotton and presenter Lauren Laverne.

Books and authors

Our prizes go from strength to strength. The BookTrust Lifetime Achievement Award was awarded to John Burningham and Helen Oxenbury in February 2018; the ceremony was attended by high profile authors and illustrators as well as publishers. The award was judged by Floella Benjamin, Joseph Coelho, Lauren Child, Anthony Browne and Diana Gerald. Helen Oxenbury was particularly commended for being one of the first illustrators to include diverse representation in her illustrations, something that was especially appreciated by Floella Benjamin in the 1970s and 1980s.

The Blue Peter Book Award 2018 was announced on World Book Day 2018, judges included author Laura Dockrill, librarian Amy McKay and DJ/authors Greg James and Chris Smith. Winners were Cressida Cowell for *The Wizards of Once* and Susan Martineau and Vicky Baker for *Real Life Mysteries*. Over 500 children participated in voting for the winners – the highest number of children involved in the awards.

2017 saw us partnering with Sainsbury's on their annual Children's Book Awards. During August, Sainsbury's also promoted our Bath Book Bed campaign in-store and sold a special edition Peppa Pig

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book in collaboration with BookTrust and Penguin Random House, 'Peppa Goes Shopping', which also promoted BookTrust and the Bath, Book, Bed campaign.

Our Writer in Residence from August 2017 to February 2018 was Taran Matharu, author of the Summoner series. It was a brilliant residency full of inspiration on different routes of how to be a writer and looking at the links between video games and reading and how the two hobbies need not be mutually exclusive. Nadia Shireen became our Writer-illustrator in Residence in March 2018 when she launched the Me, Myself and I competition, where children were challenged to write stories which placed themselves at the centre of the story. The competition received 634 fabulous entries and five winners will have their stories turned into actual books. Nadia continued her theme of inspiring a diverse new generation of authors and illustrators of the future with a series of children's events at primary schools in Sheffield and the Hay festival.

We launched Book of the Day which highlights a book we recommend on social media and 'What to read after' - a series where we look at a popular book series or author (i.e. Harry Potter, How to Train your Dragon etc) and ask our users to give recommendations as to what to read next. Our selection criteria includes a focus on books by diverse authors and illustrators and books with diverse representation, making our reviews as inclusive as they can be under current constraints of the publishing industry. Both have gone down well, and we'll be looking at new ways to encourage people to try new books and authors. Book Doctor is another recommendation tool which we will be launching in 2018.

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 showcased to publishers, of these, 4 were selected as outstanding 'Honour' titles. The books selected ranged from a heart-warming 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.

Former Children's Laureate Chris Riddell became our BookTrust ambassador in September 2017. This is a five-year commitment to help BookTrust in our mission to transform lives by getting children and families reading. Chris Riddell promises 'To be a bridge between creators of beautiful books and children whose lives can be changed by a love of reading.' In November 2018 he will be visiting children who receive books in our Letterbox Club programme.

The Waterstones Children's Laureate

2017/18 was Lauren Child's first year as Waterstones Children's Laureate, after taking the reins from Chris Riddell in June 2017. In a world where children are experiencing stress and depression in unprecedented numbers, Lauren Child has spread her message of inspiring every child to day dream and discover their creativity through books. She also delivered the BookTrust's second annual lecture on the importance of taking children's books seriously and how adults and children need to give themselves space to be creative. She has spoken about creativity and books at numerous festivals and conferences up and down the country. She is using her experiences and knowledge of the creativity agenda as one of the members of the Durham Commission's creative review. Lauren has also launched a major international illustration prize for young illustrators in association with the Betjeman Poetry prize, which will result in an exhibition of new work at Kings Cross St Pancras.

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.

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2017 saw the launch of BookTrust's new website, a project which brought eight microsites into one website, all delivered on time and in budget. We now have a site which looks clean and modern and is flexible enough for the digital team to build new areas to adapt to our ever-changing needs.

Social media has continued to be a strong focus for our digital strategy, both to engage families in reading and to promote our programmes, campaigns, and other activity. We gained 12,715 Twitter followers and have grown Instagram by 143% within a year, plus we met our Facebook targets by gaining 3,000 more followers than predicted.

We carried out a User Experience project to help really understand our audiences. The findings have shown how our site is used and what journeys people make. We'll be refining the site this year to reflect the need of our audiences and to simplify those user journeys, making our content discoverable, shareable and to increase the propensity to donate. Alongside this, we'll be focusing sharply on our content in light of the research and using the creativity of the team and the functionality of our social media and web platforms to engage our users further.

Profile and engagement

Press is an important way for us to change attitudes and reinforce our messages about the importance of reading for enjoyment. We are increasingly responding to media debates and the news agenda, both proactively and reactively. The press office is now regularly contacted by journalists and broadcasters asking for our view on all aspects of children's reading and to be included in important conversations, enabling us to get our messages across such as 'there is no 'wrong' book' and 'reading should be fun'. We have lots of different external audiences to speak with, so we are regularly quoted in trade magazines like Bookseller and Book Brunch but equally we have a presence in the national and regional press.

BookTrust's second Annual Lecture with Waterstones Children's Laureate, Lauren Child, was a great success, attracting approximately 200 guests from local government, education, health, early years and publishing.

Bookstart 25 Years: Since it was piloted in 1992, our flagship Bookstart programme has put books and rhymes directly into the hands and homes of children and families. For Bookstart's 25th anniversary, we celebrated the achievements of our partners in local authorities across the country who bring the fun of Bookstart to children and families in their critical early years. We were overwhelmed by the nominations we received across six award categories. From making rhyme times come to life through musical walks, to bringing the fun of books directly to families with a library in a van; we heard about the amazing achievements of librarians, health visitors, teachers and literacy coordinators across the country. In October 2017, on the evening on the BookTrust Annual Lecture we also celebrated 25 years of Bookstart with guests including authors such as Ed Vere, Andy Stanton and Nadia Shireen. During the evening, Bookstart founder Wendy Cooling was presented with a special Outstanding Contribution award.

Through our email newsletters we reach 3,751 secondary school contacts, 3,438 primary schools contacts and 75,734 families. 2017/18 saw us making preparations for the GDPR regulations that come into force in May 2018. The families' newsletter will see the most significant change due to the majority of the list being made up of personal email addresses. As well as GDPR preparations during 2017/18 we have been improving the content and context in which we send the newsletters, reviewing popular content, send times and subject lines.

Supporters

Local Authority Engagement: We are delighted and hugely appreciate the fact that we enjoy the support of local government partners across the country, which is critical in enabling us to reach families across the country. All 152 'top tier' local authorities – with statutory responsibility for delivering library services - in England, have again signed an annual partnership agreement to deliver

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BookTrust programmes. Local authorities are our key delivery routes to children and families and distribute the bulk of our resources through children's centres, libraries and health visitors.

Publisher engagement: Publishers are central to what we do and very valuable partners in helping us to get children reading; we are very grateful for their incredible support. We work in close partnership with publishers of all sizes, which enables us to purchase the best quality books for our programmes at an extremely competitive cost – 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.

Authors and illustrators: We are so grateful to the authors and illustrators who support our work, allowing their books to be gifted through our programmes, spreading our messages via social media and offering up their time to visit schools, speak to the media and judge prizes.

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 England, 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 England and we were delighted to receive news in June 2017 that our core funding (£5.8m per year) has been renewed for a further 4 years. This reflects both the importance and quality of the work we do and the Arts Council England's deep commitment to supporting children and young people, and literature.

We work closely with 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 Arts Council Northern Ireland, 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.

We are continuing to implement our fundraising strategy which generates unrestricted income for BookTrust to enable us to deliver universal and targeted programmes primarily aimed at early years. To achieve this, we are focusing on building our profile amongst businesses that support reading and literacy as part of their corporate responsibility objectives and opening a dialogue with them with the aim of securing support from them in the longer term; this may be through being selected as their Charity of the Year or it may be through securing funding for different aspects of our universal offer. Our partnership with Waterstones continues to flourish and we hugely appreciate their ongoing support via activity in store, plastic bag income and Christmas card sales. We are also delighted to have secured new partnerships with DK, Renaissance Learning and Lego, and hope to build these in the future.

We continue to see steady growth in our number of regular supporters as a result of developing our Friends scheme and have seen an incremental increase in the number of one-off donations off the back of this work throughout the year. 2017 saw us launch a campaign asking our supporters to help us send a special Christmas book to a child in care. Primarily delivered via social media activity, the campaign not only raised over £100k, but it also brought us new regular supporters, some corporate supporters and also widened our audience reach. We were delighted with the campaign and had some lovely postcards from the children we were able to send hardback books to at Christmas.

This is something we will look to develop and re-run in future years alongside a new fundraising event that will launch in 2019.

We have continued to receive generous support from the Unwin Trust and are delighted to have secured significant new support from the Mohn Westlake Foundation.

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We continue to 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 ongoing support from the Mohn Westlake Foundation.

Alongside our government funding and fundraising activity, we are also proud of our traded programmes (Letterbox club and Bookbuzz) which, owing to generous support from publishers, enable individual Local Authorities and schools to purchase programmes (or through Welsh Government funding in the case of Letterbox Club in Wales, and funding through the Health Board Northern Ireland in the case of Northern Ireland) at great value to further support children in their communities to develop a reading habit.

In 2017/18 BookTrust met all its income targets, making us confident of our income strategy going forward.

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 2017-8 we would particularly like to thank the following for their generous support:

- All our publishing partners
- Local authorities
- Aitch:Creative Ltd
- Arts & Business Northern Ireland
- Arts Council England
- Arts Council Northern Ireland
- Belfast Harbour
- Browns Books for Students
- Education Directorate Welsh Government
- Dorling Kindersley
- Encompass Group
- Fostering Network Northern Ireland
- Hachette
- Elm Trust
- Intrepica UK Ltd (Literacy Planet)
- Lego
- Mills & Reeve Charitable Trust
- Renaissance Learning UK Ltd
- SONI

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- Southbank Centre Ltd
- The Mohn Westlake Foundation
- Unwin Charitable Trust
- Warner Bros. Studio Leavesden Ltd
- Waterstones Booksellers Ltd

Financial Review

Our Early Years programmes (as described above) continue to be primarily restricted - funded by central government (Arts Council England [ACE] £5.4 million) and the Education Directorate Welsh Government £0.80 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 (£1.27 million), Bookbuzz (£0.44 million) along with fundraised income from corporates, individual donors and trusts and foundations (£0.82 million). Overall income from partnerships has remained consistent: BookTrust's partnership with Waterstones being maintained.

Future Plans

2018/19 is set to be BookTrust's busiest year yet, with a number of priorities:

- Reach 3.4 million families with book-based reading for enjoyment programmes.
- Reach another 5,000 children aged 0-5 children who need more reading support.
- Continue to build our evidence base to support our programme development.
- Promote and enable diversity within the organisation and the reading sector.
- Ensure continuous improvement of key universal and targeted programmes against the agreed aims and outcomes for each programme.
- Increase our engagement with families and profile, with ambitious targets for social media figures, email open rates and press coverage.
- To deliver Year 1 of the Wales & Northern Ireland Vision & Strategy Priorities – including continuous improvement of programmes and development of oracy strand.
- Build our partnership strategy to ensure that we can depend on their support going forwards.
- Ensure that our own processes and systems support our ambitions and meet regulatory requirements – including data management, procurement, supply chain and finance.
- Continue to focus on fundraising to enable us to support more families who need us.

Risks and Uncertainties

The pressures on public expenditure in the wider economy and the degree of political uncertainty create a range of specific risks for the charity:

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FOR THE YEAR ENDED 31 MARCH 2018

- A long-term risk to BookTrust's Arts Council funding (given that the Arts Council itself is funded through public expenditure).
- A risk to the level of support that BookTrust receives from its vital delivery partners, especially local authorities.
- Pressure on delivering income from traded programmes and in fundraising through corporate partners and individuals.
- Managing pressure on supply chain costs.
- 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:

- Continuing the implementation of our on-going income diversification plan, building our primary purpose trading as well as fundraising income;
- Continuing the focus on our partnership activity, and how we can support our partners at local authority and at national level;
- Regular review of the risks the charity faces and implementation of risk management planning to minimise the 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

BookTrust investment strategy has been to increase the yield on our investments, whilst minimising capital risk with assurances that any investments are ethical. During 2017/18, BookTrust held investments of £5.6 million in cash across individual short-term deposit accounts and an investment fund through a Sequel Cautious Target Return Strategy. This strategy delivered improvements on the return achieved upon the cash balance held by the charity, whilst maintaining a cautious approach to risk.

During 2017 BookTrust undertook a comprehensive review of its investment policy with the independent support and advice of Epoch Wealth Management. Based on the outputs of the review in December 2017 the Board of Trustees agreed to appoint Epoch Wealth Management to manage funds of £4.5 million through two sub strategies:

- Reserves Overflow (£2 million) – low volatility portfolio;
- Long Term Reserves (£2.5 million) – balanced risk growth portfolio

The primary financial objectives of BookTrust's investments with Epoch remain increasing real value and managing risk within a cautious approach to our investments, whilst remaining committed to investing in a responsible and ethical way.

Reserves Policy

Trustees review the reserves policy annually to ensure that it reflects the needs of the organisation.

The Trustees have agreed a reserves policy which covers:

- Working capital to reflect that the nature of the charity's activities includes a significant level of advance book buying to support large scale book distribution programmes, typically with a 6-9 month production and distribution cycle (covered by General Fund);

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- A reasonable level of reserves as with all charities to support unexpected issues and in the worst case an orderly exit (covered by General Fund);
- Given the current financial climate reserves to support key bookgifting programmes if there is a period of transition in source of funding (covered by the Restricted Funds);
- Strategic investments for future developments (covered by Designated Funds).

BookTrust reserves at 31st March 2018 are held under two different categories: Unrestricted Funds which were £4,862,267 and Restricted Funds which were £3,087,060 giving a total of £7,949,327. The Unrestricted Funds is further divided into General Fund which was £4,486,918 and Designated Funds which were £375,349. The General Fund is available for use at the discretion of the Board and represents just over 5 months of the annual expenditure to cover the working capital requirements arising from long lead times between committing production and delivery of goods from the Far-East and furtherance of the general objectives of the charity. The Designated Funds were set aside to enable us to respond to changes driven by new processes, technological innovation, capacity building in our fundraising activity and developing new products to further increase income from our trading activities.

Trustees have also agreed that there will be a planned and limited spend down of reserves over the next 3 years into projects of impact.

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.

Fundraising

BookTrust takes its user-friendly approach to fundraising very seriously and abides by all rules and regulations related to fundraising and use of data. BookTrust is registered with the Fundraising Regulator. The charity has not received any complaints related to its fundraising activity in 2017/18, nor related to any person acting on its behalf. We have not conducted any telephone or direct-approach based fundraising activity in 2017/18, ensuring that no supporter or potential supporter has been under any pressure to give money or other property.

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FOR THE YEAR ENDED 31 MARCH 2018

Legal and Administrative Information

Charity Name BookTrust
Charity Registration Number 0313343
Company Registration 00210012

Patron

HRH The Duchess of Cornwall

President

Sir 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 (resigned 31 March 2018)
John Coughlan	Trustee (appointed 28 February 2018)
	Chair (appointed 1 April 2018)
Peter Roche	Honorary Treasurer
Nicola Briggs	(resigned 24 September 2018)
Harpal Dhillon	(appointed 6 December 2017)
Sam Hudson	(resigned 4 October 2017)
Hsin Loke	
Meredith Niles	(resigned 24 September 2018)
Hugh Shanks	Vice Chair
Fiona Johnson	
Claire Malcolm	
Eleanor Shawcross Wolfson	
Derek Wyatt	(resigned 19 June 2018)

Chief Executive

Diana Gerald

Company Secretary

Jennifer Rachael Bailey	(appointed 28 February 2018)
Katie Germer	(appointed 21 June 2017, resigned 30 November 2017)
Diana Gerald	(resigned 21 June 2017)

Registered Office and Operational Address

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

Our Advisers

Auditors	haysmacintyre, 10 Queen Street Place, London EC4 1AG
Bank	NatWest Branch, 153 Putney High Street, London, SW15 1RX
Solicitors	Russell-Cooke, 2 Putney Hill, London, SW15 6AB
Investment Managers	Epoch Wealth Management, Queen Square House, Queen Square Place, Bath, BA1 2LL

Structure, Governance and Management

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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 three standing committees: Business & Finance, HR & Nominations and Fundraising & Development.

There is an annual review of board effectiveness. In 2017 this included the Chair holding individual discussions with Trustees and an appraisal of the Chair by all Trustees. Skills audits of Trustees are 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 and has set out future actions in an Equality Action Plan.

The Trustees reviewed the Charity Code of Governance during the year and have put in place an action plan with regular review of progress.

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
- Annie Crombie: Director of Programmes & Partnerships (joined 1st October 2018)
- Natasha Armstrong: Director of Evidence & Innovation; Director of Wales & Northern Ireland
- Gemma Malley: Director of Communications & 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 2018

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.

John Coughlan (Chair)

Date:
4th October 2018

Opinion

We have audited the financial statements of BookTrust for the year ended 31 March 2018 which comprise Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of the charitable company's net movement in funds, including the 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.

Basis for opinion

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the

going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Chair's Report and the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Report of the Trustees (which incorporates the directors' report).

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

- adequate accounting records have not been kept by the charitable company; 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.

Use of our report

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.

Tracey Young (Senior Statutory Auditor)

For and on behalf of haysmacintyre, Statutory Auditors
4th October 2018

10 Queen Street Place
London
EC4R 1AG

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 2018

	Notes	Unrestricted funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Donations and legacies		645,603	147,557	793,160	530,156
Charitable activities:					
Early years		44,701	4,574,239	4,618,940	4,606,180
Primary		32,807	914,848	947,655	827,773
Secondary		443,424	609,898	1,053,322	1,067,796
Looked-After Children		1,266,684	135,756	1,402,440	1,520,885
Campaigns and Promotions		382,659	103,495	486,154	616,282
Other trading activities		2,066	-	2,066	966
Interest	2	34,878	-	34,878	41,925
Other		4,261	-	4,261	54
		<u>2,857,083</u>	<u>6,485,793</u>	<u>9,342,876</u>	<u>9,212,017</u>
Expenditure on:					
Raising funds		411,137	41,270	452,407	402,139
Charitable activities					
Early Years		114,849	4,557,301	4,672,150	4,674,615
Primary		441,738	914,848	1,356,586	988,725
Secondary		534,632	609,898	1,144,530	1,044,720
Looked-After Children		1,129,089	204,879	1,333,968	1,488,487
Campaigns and Promotions		400,088	103,495	503,583	740,127
		<u>3,031,533</u>	<u>6,431,691</u>	<u>9,463,224</u>	<u>9,338,813</u>
Net (expenditure)/income before gains on investments	4	(174,450)	54,102	(120,348)	(126,796)
Net (loss)/gain on investments	7		-	-	151,927
Net (expenditure)/income		(174,450)	54,102	(120,348)	25,131
Transfer between funds	12	30,192	(30,192)	-	-
Net movement in funds		(144,258)	23,910	(120,348)	25,131
Total funds brought forward		5,006,525	3,063,150	8,069,675	8,044,544
Total funds carried forward		4,862,267	3,087,060	7,949,327	8,069,675

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 2017 are shown in note 16.

BOOKTRUST**BALANCE SHEET****AT 31 MARCH 2018****Company No. 00210012**

	Notes	2018 £	£	2017 £	£
CURRENT ASSETS					
Investments	7	1,344,596		1,344,596	
Debtors	8	2,653,185		2,265,566	
Cash at bank and in hand		5,998,923		6,524,459	
		<u>9,996,704</u>		<u>10,134,621</u>	
Creditors: amounts falling due within one year	10	<u>(2,047,377)</u>		<u>(2,064,946)</u>	
NET CURRENT ASSETS			<u>7,949,327</u>		<u>8,069,675</u>
NET ASSETS			<u>7,949,327</u>		<u>8,069,675</u>
FUNDS					
Restricted funds	12		3,087,060		3,063,150
Unrestricted:					
General fund	12		4,486,918		4,156,525
Designated funds	12		375,349		850,000
			<u>7,949,327</u>		<u>8,069,675</u>

Approved and authorised for issue by the board of directors on 4th October 2018 and signed on their behalf by

John Coughlan

)

)

) Directors

Peter Roche

)

)

BOOKTRUST**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2018**

	2018	2017
	£	£
Cash flows from operating activities		
Net income before investment gains for the reporting period (as per the statement of financial activities)	(120,348)	(126,796)
Interest received	(34,878)	(41,925)
(Increase) in debtors	(387,619)	(424,336)
(Decrease)/Increase in creditors	(17,569)	22,036
	<hr/>	<hr/>
Net cash used in operating activities	(560,414)	(571,021)
Cash flows from investing activities		
Interest received	34,878	41,925
	<hr/>	<hr/>
Change in cash in reporting period	(525,536)	(529,096)
	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash and cash equivalents		
Cash in hand		
Balance brought forward	6,524,459	7,053,555
Decrease in year	(525,536)	(529,096)
	<hr/>	<hr/>
Balance carried forward	5,998,923	6,524,459
	<hr/> <hr/>	<hr/> <hr/>
Cash in hand		
Bank balance	5,998,203	6,524,062
Cash	720	397
	<hr/>	<hr/>
	5,998,923	6,524,459
	<hr/> <hr/>	<hr/> <hr/>

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 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) Income

All income is 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.
- Income 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.
- Grants are recognised once BookTrust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

When donors specify that grants given to the charity must be used in future accounting periods, the income is deferred until those periods.

When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in income until the preconditions for use are met.

(f) Expenditure

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 raising 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 activity costs 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.

1 Accounting policies (continued)**(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.

(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 was dissolved in January 2018 and the outstanding amount of £853 written off. Group accounts have not been prepared on the basis that Get London Reading is immaterial to the BookTrust single entity accounts.

(l) Operating Leases

There is a lease for the photocopier which is for a minimum term of 3 years from September 2017. 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. Contributions are accounted for when they are payable.

(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

Preparation of the financial statements can require management to make significant judgements and estimates. There were no significant items in the financial statements where these judgements and estimates have been made.

2. INTEREST INCOME

	2018	2017
	£	£
Other interest receivable	34,878	41,925
	<u> </u>	<u> </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	2018			2017
	Charitable Activities £	Fundraising £	Total £	Total £
Support staff	67,293	-	67,293	73,546
Professional	32,888	-	32,888	12,462
Establishment	256,065	-	256,065	219,364
Office costs	205,401	-	205,401	178,458
CRM & Web Development Costs	193,705	-	193,705	433,350
Marketing, Comms & Fundraising	57,206	188,204	245,410	204,223
Finance	4,726	6,190	10,916	3,391
Governance costs	38,140	-	38,140	20,611
Total	<u>855,424</u>	<u>194,394</u>	<u>1,049,818</u>	<u>1,145,405</u>

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 (EXPENDITURE)/INCOME**2018**
£**2017**
£

This is stated after charging the following:

Operating leases		
- hire of equipment	1,360	6,084
- rents payable	196,824	187,239
Auditors remuneration		
- Audit services	12,700	12,300
- Non-audit services	-	1,400
	<u>210,884</u>	<u>207,023</u>

5. STAFF COSTS**2018**
£**2017**
£

Salaries	2,800,261	2,455,743
Social security costs	297,645	259,821
Pension costs	192,897	170,801
Redundancy and termination payments	29,495	26,948
	<u>3,320,298</u>	<u>2,913,313</u>

5. STAFF COSTS (continued)	2018 Number	2017 Number
Number of employees receiving total gross remuneration in the year in the range:		
£60,000 - £69,999	0	3
£70,000 - £79,999	2	0
£80,000 - £89,999	1	0
£90,000 – £99,999	1	1
	<u>4</u>	<u>4</u>
	<u><u>4</u></u>	<u><u>4</u></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 £508,949 (2017: £477,394).

Total employer pension contributions in the year for these staff members were £25,061 (2017: £25,845).

The average number of employees by function, was	2018 Number	2017 Number
Charitable activity	54	55
Development and Fundraising	4	5
Administration and support	13	10
	<u>71</u>	<u>70</u>
	<u><u>71</u></u>	<u><u>70</u></u>

The trustees have not received any remuneration or benefits in kind during the year (2017: nil).

	2018 Number	2017 Number
Number of trustees reimbursed expenses during the year	<u>2</u>	<u>1</u>
	<u><u>2</u></u>	<u><u>1</u></u>

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

	£	£
Travel	1,961	1,005
Accommodation	1,134	254
	<u>3,095</u>	<u>1,259</u>
	<u><u>3,095</u></u>	<u><u>1,259</u></u>

The total of donations received from Trustees in the year was £1,484 (2017: £1,858).

6. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. INVESTMENTS	2018 £	2017 £
Quoted investments		
Market value as at 1 April 2017	1,344,596	1,192,669
Realised investment gain/(loss)	-	151,927
	<u>1,344,596</u>	<u>1,344,596</u>
Market value as at 31 March 2018	1,344,596	1,344,596
	<u>1,000,000</u>	<u>1,000,000</u>
Historic cost as at 31 March 2018	<u>1,000,000</u>	<u>1,000,000</u>

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

	2018 £	2017 £
SA Sequel Caution Target Return	<u>1,344,596</u>	<u>1,344,596</u>

There was no gain on the SA Sequel Caution Target Return in 2017/18 but the investment achieved a gain of £360,716 over the six years of the life of the investment. This investment was closed in April 2018.

Cash funds totalling £5,000,000 were invested in 5 different investment accounts of £1million in each, during the period. Interest of £33,623 relating to these cash investments has been recognised in the period.

8. DEBTORS	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	376,486	910,895
Other debtors	1,122,103	206,263
Amount owed by subsidiary	-	853
Prepayments and accrued income	1,154,596	1,147,555
	<u>2,653,185</u>	<u>2,265,566</u>
	<u>2,653,185</u>	<u>2,265,566</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. It was formally dissolved on 9 January 2018.

10. CREDITORS	2018 £	2017 £
Amounts falling due within one year:		
Trade creditors	797,100	928,147
Other taxes and social security	81,279	82,663
Accruals	189,500	104,201
Deferred income (see note 13)	953,159	849,247
Other creditors	26,339	100,688
	<u>2,047,377</u>	<u>2,064,946</u>
	<u><u>2,047,377</u></u>	<u><u>2,064,946</u></u>
11. FINANCIAL INSTRUMENTS	2018 £	2017 £
Financial Assets		
Financial assets measured at amortised cost	7,381,978	7,479,837
Financial assets measured at fair value through profit or loss	1,344,596	1,344,596
	<u>8,726,574</u>	<u>8,824,433</u>
	<u><u>8,726,574</u></u>	<u><u>8,824,433</u></u>
Financial Liabilities		
Financial liabilities measured at amortised cost	909,528	1,032,348
	<u>909,528</u>	<u>1,032,348</u>
	<u><u>909,528</u></u>	<u><u>1,032,348</u></u>

Financial assets measured at amortised cost include cash, trade debtors, other debtors 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 creditors and accruals.

12. FUNDS

	1 April 2017 £	Income £	Expenditure £	Transfer Between Funds £	Investment Gains £	31 March 2018 £
Unrestricted Funds						
General Fund	4,156,525	2,857,083	(2,401,132)	(125,558)	-	4,486,918
Designated Funds						
CRM Development	150,000	-	(217,051)	97,051	-	30,000
Web Communications Development	140,000	-	(93,024)	(46,976)	-	-
Income Diversification	360,000	-	(234,651)	-	-	125,349
Research and Programme Development	200,000	-	(85,675)	105,675	-	220,000
	<u>5,006,525</u>	<u>2,857,083</u>	<u>(3,031,533)</u>	<u>30,192</u>	<u>-</u>	<u>4,862,267</u>
Restricted Funds						
Promotions	13,915	-	-	(34)	-	13,881
Children's Reading Education	161,323	-	-	-	-	161,323
Early years	8,157	-	-	-	-	8,157
Secondary	2,486,439	4,052,717	(4,035,779)	(30,158)	-	2,473,219
Primary	305,164	817,863	(817,863)	-	-	305,164
Letterbox Club	88,152	1,304,473	(1,304,473)	-	-	88,152
	-	310,740	(273,576)	-	-	37,164
	<u>3,063,150</u>	<u>6,485,793</u>	<u>(6,431,691)</u>	<u>(30,192)</u>	<u>-</u>	<u>3,087,060</u>
	<u>8,069,675</u>	<u>9,342,876</u>	<u>(9,463,224)</u>	<u>-</u>	<u>-</u>	<u>7,949,327</u>

Income includes £5,780,600 from Arts Council England in 2017/18 (2016/17 £5,780,599).

Unrestricted Funds

The general fund stood at £4,486,918 at 31st March 2018 with no recognised gains in the period 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 £375,349 has been allocated as Designated Funds: £30,000 to the CRM Development fund, £125,349 to the Income Diversification fund and £220,000 to Research and Programme Development (see notes on individual Designated Funds below).

Designated Funds

CRM implementation was completed in 2017/18 and we have maintained a small development fund to resource integration with our Finance system and to cover change requests in our first full year of running CRM.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Income Diversification fund remains in place to cover expected costs of the BookTrust's fundraising activities whilst income diversification strategy is developed.

Whilst a significant amount of the research and programme development was completed in 2017/18, we were not able to commission and execute the total fund in this year and so further expenditure is anticipated in 2018/19.

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. A review of the reserves was made and £30,158 was found to have been restricted incorrectly and so has been transferred to unrestricted reserves.

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.

Letterbox fund represents unspent income received to be used in 2018/19.

13. DEFERRED INCOME

	Letterbox £	Story Hunters £	BookBuzz £	Children's Laureate £	Sale of vouchers not redeemed £	Total £
Balance at 1 April 2017	832,002	185	15,060	2,000	-	849,247
Released to income	(832,002)	(185)	(15,060)	(2,000)	-	(849,247)
Amount deferred in the year	831,468		118,191		3,500	953,159
Balance as at 31 March 2018	<u>831,468</u>	<u>-</u>	<u>118,191</u>	<u>-</u>	<u>3,500</u>	<u>953,159</u>

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	6,114,561	3,882,143	9,996,704
Current liabilities	(1,252,294)	(795,083)	(2,047,377)
Net assets	<u>4,862,267</u>	<u>3,087,060</u>	<u>7,949,327</u>

15. FINANCIAL COMMITMENTS

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

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Less than one year	145,290	2,016	146,751	389
1 to 5 years	39,735	3,141	168,999	-
	<u>185,025</u>	<u>5,157</u>	<u>315,750</u>	<u>389</u>

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

Notes	Unrestricted funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Income from:			
Donations and legacies	530,156	-	530,156
Charitable activities:			
Early Years	104,574	4,501,606	4,606,180
Primary	-	827,773	827,773
Secondary	453,255	614,541	1,067,796
Looked-After Children	1,520,885	-	1,520,885
Campaigns and Promotions	616,149	133	616,282
Other trading activities	966	-	966
Interest	41,925	-	41,925
Other	54	-	54
	<u>3,267,964</u>	<u>5,944,053</u>	<u>9,212,017</u>
Expenditure on:			
Raising funds	402,139	-	402,139
Charitable activities			
Early Years	126,418	4,548,197	4,674,615
Primary	-	988,725	988,725
Secondary	293,251	751,469	1,044,720
Looked-After Children	1,353,376	135,111	1,488,487
Campaigns and Promotions	721,187	18,940	740,127
	<u>2,869,371</u>	<u>6,442,442</u>	<u>9,338,813</u>
Net income/(expenditure) before gains on investments	371,593	(498,389)	(126,796)
Net gains on investments	151,927	-	151,927
Net income/(expenditure)	<u>523,520</u>	<u>(498,389)</u>	<u>25,131</u>
Net movement in funds	<u>523,520</u>	<u>(498,389)</u>	<u>25,131</u>
Total funds brought forward	4,483,005	3,561,539	8,044,544
Total funds carried forward	<u><u>5,006,525</u></u>	<u><u>3,063,150</u></u>	<u><u>8,069,675</u></u>

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 £61,000 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.

18. MOHN WESTLAKE FOUNDATION

Diana Gerald, CEO of BookTrust is also a Trustee for the Mohn Westlake Foundation. In 2017/18 BookTrust received an unrestricted donation from the Mohn Westlake Foundation with a value of £200,000.

Diana is also co-chair of EU Read, a non-profit association in Belgium. BookTrust pays an annual subscription of 2500 euros.