

A brighter future

Annual report
2020/21

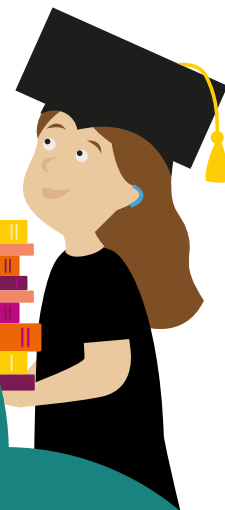
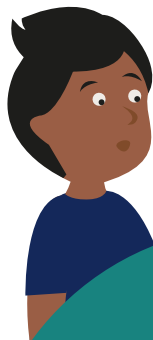
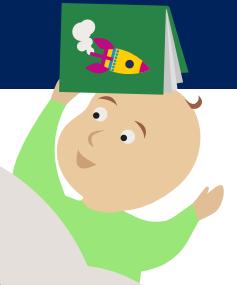


About us

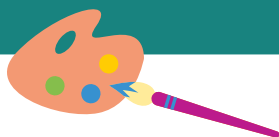


We want to get every child reading regularly and by choice.

We want all families to establish a routine of reading together with their babies as early as possible and to continue this throughout childhood as children learn to read independently.

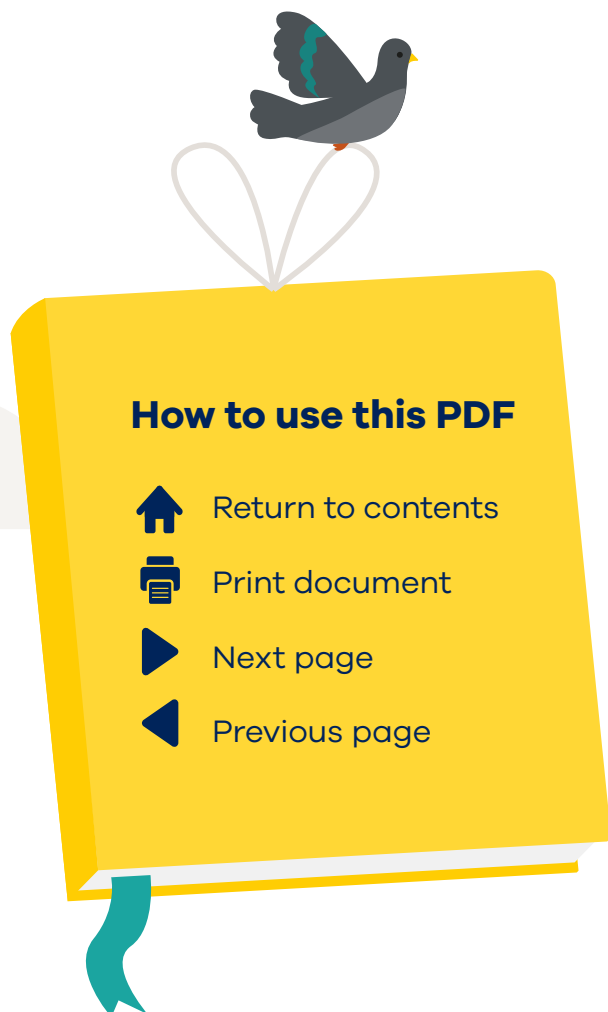


Reading matters because it can have a lifelong positive impact on a child, affecting their health and wellbeing, creativity and educational outcomes.



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Letter from the Chair

All good stories have twists and turns, ups and downs, and moments of light when everything seems dark. And what every hero possesses is a resilience and determination to get through the challenges the story brings them.

In the extraordinary and difficult times we have faced over the past 18 months, and continue to face, we have seen the heroism of healthcare workers, of teachers, nursery and early years staff, of local council workers and librarians, and of essential workers across the public and private sectors. We have also seen the courage of parents and carers and children who found themselves at home for long periods, facing many difficult challenges from isolation to cramped living conditions, juggling work and home schooling, and, for too many, illness and bereavement. From our work in early years the particular challenges facing parents of the under 5s without their usual networks of support were very visible.

To say I am proud of how BookTrust and our partners took on this challenge would be an understatement. Our staff never lost sight of the importance of their mission and found innovative ways to keep families and children reading. And our partners, to whom I am immensely grateful, were extraordinarily adaptable as we worked together to reach families across the country. From BookTrust HomeTime, our digital offer, which was up and running within a week of lockdown, to the 237,000 books we got to children in need in summer 2020 through our care packages – we responded fast when it mattered. I am also truly thankful to our supporters and funders who have stood by us and the work we do without hesitation through this year.

The extraordinary and difficult circumstances of the Covid-19 pandemic and its aftermath pose a new threat to the wellbeing and prospects of many children. The stark reality of the pandemic is that it massively

interrupted schooling and early years support. The wider disruption to children's lives has affected every child's prospects and, the evidence shows, significantly widened the gap for disadvantaged children. This gives urgency to our new strategy with even more focus on supporting economically disadvantaged children and families, and those from vulnerable family backgrounds, to become readers. We are already starting this change successfully. Our refreshed Bookstart Baby offer will help even more disadvantaged families get reading to their babies from the earliest months. Our Storytime offer created jointly with our library partners is being piloted to support disadvantaged families to go into and get the most out of libraries; and we are innovating in our reading offer for the most vulnerable children, building on the success of Letterbox Club. Through all this work we continue to build on our deep commitment that children of all backgrounds can see themselves and be empowered and encouraged through the diversity of the contemporary UK in the books they read.

Whatever uncertainties the coming year brings for children (and I cannot imagine a year when we can be less sure of what the future holds) BookTrust is energised to ensure that children can experience the life-changing benefits of reading as early as possible, no matter their background and no matter what else life has in store. I hope you will join us on this journey because children who read have better lives – that's our true story.

Thank you all.

John Coughlan

Chair of Trustees



Our response to Covid-19

The past year has been defined by extraordinary and difficult circumstances. The Covid-19 pandemic poses a new threat to the wellbeing and prospects of many children and those from vulnerable backgrounds have been disproportionately affected. We know that reading brings a wide range of benefits from improvements to mental health and wellbeing, higher educational attainment, improved aspirations and social mobility, to increasing imagination, creativity and offering a means of escape. In the context of the past year our mission to deliver these benefits takes on particular urgency.

Over the past year we have changed our approach, offering flexibility to partners to continue reaching children and families in new ways. Our care packages provided over 237,000 books for families in need across England, Wales and Northern Ireland. In February 2021, BookTrust joined forces with *The Sun on Sunday* and its Books for Kids campaign to help get books to families who were hardest hit by the pandemic. We sent 10,000 new books to families in need via partners including schools, family support teams, refuges and food banks, and placed messages about the importance of reading in *The Sun on Sunday* for four weeks as part of a campaign that attracted support from the Prime Minister and celebrity figures such as David Walliams and Dermot O'Leary.



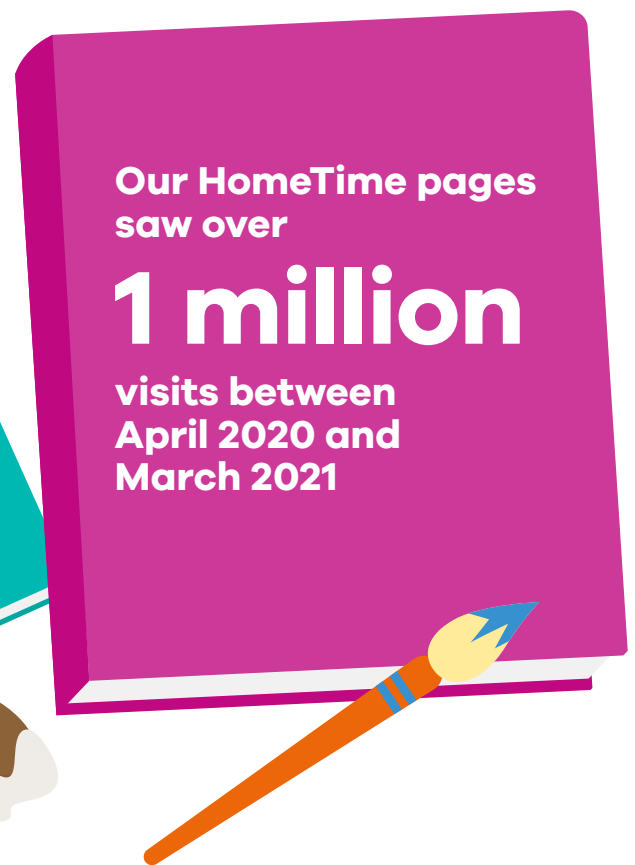
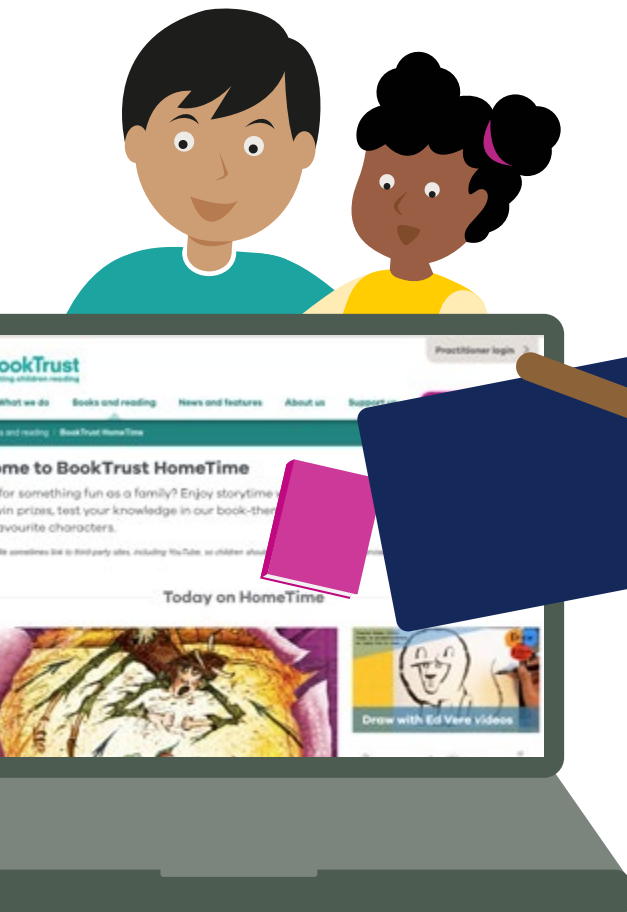
Our response to Covid-19

We also launched BookTrust HomeTime – an online hub filled with free books, videos, games, recipes, competitions and quizzes to support children and families through lockdown. Our HomeTime pages saw over 1 million visits between April 2020 and March 2021.

Throughout the year we have adapted our interventions, events, campaigns and fundraising to support families and partners in the best ways possible. We have supported our partners to try new ways of delivering Bookstart Baby to new parents; moved our author visits online for schools across the country; and found flexible ways to ensure our Letterbox Club packages reached children in care. With support from our fantastic partners in local authorities,

we delivered over 80% of our planned distribution of books and resources to children and families.

We are hugely grateful for the ongoing support of our committed partners – schools, early years settings, libraries and local authorities; authors, illustrators and publishers; and funders, including Arts Council England and the Welsh and Northern Irish governments – throughout this challenging time.



Our aim and the journey we're on

Our aim at BookTrust is to get every child reading regularly and by choice. We want to see parents and children establishing a routine of reading together as early as possible, which continues throughout the early years and supports children as they learn to read independently. During the past year we have agreed a new strategy for achieving this aim and developed new approaches to deliver change for children and families.



Keeping children and families at the heart of our innovation, design and development

We now engage more with our target audiences, testing and developing new ways of working with families and groups who represent them, allowing us to build important relationships. Between May 2020 and June 2021, we connected with thousands of families across England, Wales and Northern Ireland, including through a new family survey that will help us understand current reading behaviours and track changes in years ahead. We have also co-designed new initiatives with children and families, testing them early to ensure effectiveness.



We've connected with thousands of families across England, Wales and Northern Ireland

Our aim and the journey we're on

Working in partnership

Partnerships are at the heart of BookTrust's work. In the past year we worked with a skilled network of delivery partners including 185 local authorities (every local authority in England, Wales and Northern Ireland), health visitors, schools, libraries, social workers, housing associations, foodbanks, prisons and early years practitioners. We have benefited from the collaboration and support from children's authors, illustrators and publishers; national agencies in England, Wales and Northern Ireland; and our committed and supportive funders, donors and friends.



We've worked with a network of delivery partners including

185 local authorities

Outside of the UK, we have played a leading role in a global network of organisations who share our objective of getting children reading in their own countries by sharing learnings, innovations and responses to the pandemic. We are internationally acknowledged as a leader in early years bookgifting, and our networking with organisations across the world who have followed our lead has grown in 2020/21 through the new Global Network for Early Years Bookgifting, which BookTrust founded, and the well-established EU Read, of which BookTrust is a founding member and vice-chair.

Working with authors and illustrators

We help families and schools find great books that children will love – whatever their tastes and interests – through prizes, initiatives and recommendations.



We are an internationally acknowledged leader in early years bookgifting

Our prizes

The **BookTrust Storytime Prize** for best books to share with babies and young children celebrated its second year. The 2020 prize went to Libby Walden and Jacqui Lee for their book *This is Owl*. The prize is run in association with CILIP's Youth Libraries Group, and was voted for by librarians and families across the country.

The **Blue Peter Book Awards** celebrates the best authors, illustrators and books for children, as chosen and voted for by children. The 2021 prizes went to *A Kind of Spark* by Elle McNicoll and *A Day in the Life of a Poo, a Gnu and You* by Mike Barfield and Jess Bradley.



Our **Lifetime Achievement Award** was given to David McKee, author and illustrator of over 50 beloved children's classics, including *Elmer*, *Mr Benn* and *Not Now, Bernard*.



Our initiatives

We support the **Waterstones Children's Laureate**, and in July 2020, Children's Laureate Cressida Cowell launched a Summer Camp to bridge the gap between home and school with a celebration of creativity, supported by an all-star line-up of authors and illustrators.



The Great Books Guide was delivered to every primary school in the country

Our Northern Ireland author tour engaged with 1,400 pupils from 20 schools

The **Great Books Guide** was published online and delivered to every primary school, providing teachers with advice on the best new books from the past year for ages 0–11.



Our **Northern Ireland author tour** moved online with authors and illustrators including Chitra Soundar, Smriti Halls and Rob Biddulph engaging with 1,400 pupils from 20 schools.

And our two **Writers in Residence**, Smriti Halls and Onjali Q Raúf, have shared their stories and provided creative inspiration to help get children reading during difficult times.

Our initiatives

Being accountable for decisions based on evidence and robust evaluation

We developed a new monitoring, evaluation and learning framework to support the delivery of our new strategy and better understand our impact. We also began to inform this framework through our new family survey. Our new initiatives are designed with learning plans and evaluation approaches. This will ensure future developments to our work are informed by an understanding of what works in getting children reading. In the last year, we have designed new evaluations for Letterbox Club and our My StoryPack Pilot, and we began work on a learning plan for our new library offer.



Underpinning our activity with safeguarding best practice

This year we have introduced new NSPCC online safeguarding training, which all staff complete, and new protocols for working practices in research and design. We are committed to continuing to develop our safeguarding culture, particularly in the context of our ambitious aim to do more for disadvantaged children and families, and for those from vulnerable family backgrounds.

Our initiatives

Embracing digital tools, platforms and technology

Our Twitter channel has increased by 12,600 followers this year to a total of over 103,200, and we've increased our Instagram following by over 15,000 to 34,000. Our website traffic has seen a rise to almost 5 million visits for the year. And our content and advice are used by brands with vast digital reach: we've worked with the **BBC** to include our booklists, activities and resources in its Bitesize reading lessons, and shared reading recommendations on **Amazon**.

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Becoming more environmentally responsible and sustainable

We work with all of our suppliers on developing sustainability through our supply chain. For example, we ensure that all of our resources are printed on FSC® paper, use recycled materials in our products and packaging, and consolidate deliveries where possible to reduce our logistics impact. We also provided children and families access to high-quality content on the environment.

Our initiatives

Being committed to diversity and inclusion across our organisation and embedding that commitment throughout our work

This year we continued our use of book selection and book curation to bring a diverse range of authors and illustrators to families across the country. We also aim to ensure that all children see themselves, their families and contemporary society reflected in books that they read.

In November we published interim findings from our joint research project with University College London which showed that, while the number of authors and illustrators of colour published in the UK in the last three years has grown to over 8%, it is still not reflective of the UK population. But there are challenges to improving this representation, as there are deep and complex barriers for authors and illustrators of colour wanting to enter the industry.

In 2020, we launched a partnership with the Centre for Literacy in Primary Education (CLPE) to bring systemic change across the publishing and education sectors. Through our **BookTrust Represents** programme we held ten school visits online, including one with author Onjali Q Raúf that was attended by 87 schools.

We also continued to run events for over 300 creators to build their knowledge of the publishing industry and provided training, networking opportunities and peer-to-peer support. And in November, Children's Laureate Cressida Cowell launched the **#PassThePen** campaign to promote visibility, champion new voices and generate book sales for emerging authors and illustrators of colour.

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Our initiatives

To make our work more accessible to everyone we have improved our Bookbuzz ordering process for Braille and large print books. We've also made our digital content more accessible.

Our Equality Action Plan remains central to the way we work and our performance is reviewed closely by Trustees, supported by a Trustee lead for equality and diversity. We continue to embed diversity throughout our work and this year we have focused on our recruitment processes to make them more inclusive, and we continue to work towards the Disability Confident Scheme.

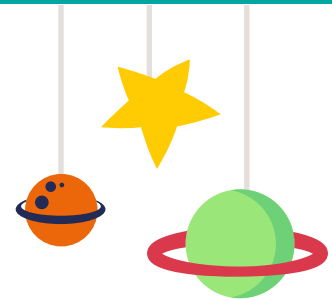
Representation from Black, Asian and Ethnically Diverse communities increased to 22% of our workforce by April 2021, compared to 13% in April 2017. Our gender balance remains at 20% male staff, but our ambition is to develop our diversity in both measures to 30%.

Representation from Black, Asian and Ethnically Diverse communities increased to **22%** of our workforce



What we've delivered for children and families

Our new strategy identifies five areas where we know we can make a difference, and over the past year we have delivered support for families with these objectives in mind.



1.

Starting together so all families are supported to initiate shared reading at the earliest opportunity.



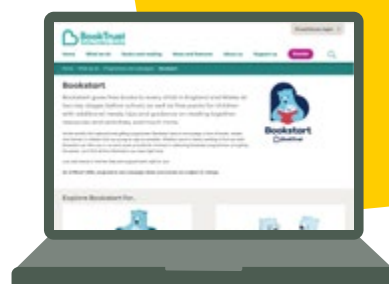
BookTrust has been delivering **Bookstart** to children in the early years and their families for nearly 30 years. Over the past year, in spite of the challenges of the pandemic, we have continued to work through our network of health visitors, registrars and librarians to give 388,280 new babies and their families a **Bookstart Baby** pack. Following the refresh of Bookstart Baby last year, we have also developed a new section of our website where we host tips, videos and suggestions to help families continue sharing stories as their children grow.

We were delighted that in July last year, after a six-year gap, the Northern Ireland government agreed to fund Bookstart Baby in Northern Ireland for one year, giving the programme universal reach across England, Wales and Northern Ireland.

We have also concluded an ethnographic study with mums who were at the end of pregnancy or in the first few months after birth. This helped us gain insight into new parents' engagement with reading and motivation around shared reading that will shape our future development.

BookTrust has been delivering Bookstart to children in the early years and their families for nearly

30 years



What we've delivered for children and families

2. Supporting disadvantaged children and families in their early years who need more help to get started on their reading journeys and make reading a regular part of their lives.



To support the children and families who need us most, we built on our experience and collaborated with partners to find new ways of reaching them. Nurseries, children's centres and other early years settings received our **Bookstart Treasure** pack containing a picture book and booklet with tips and ideas for sharing stories together. In March we once again supported World Book Day, delivering 90,000 World Book Day vouchers to 152 local authorities for distribution to families via early years settings.

We delivered 76,408 packs as part of our **Bookstart Corner** programme via a range of partnerships including libraries and children's centres; housing associations; prison library services and a prison family support charity; early years providers including nurseries and childminders; family support service; and Women's Aid. Through these partnerships we have tested new ways of delivering resources with greater flexibility for partners and families, which will lead to further changes next year.

We delivered *My Pet Star*, our **Pyjamarama** book, to 309,700 children in 851 settings. Our partners used the book for events and outreach activity that they were able to deliver during the pandemic.

We also began development of a new library offer, based on our existing Storytime prize, to support libraries as they create relationships with disadvantaged families. Our aim is for families to discover their local public libraries and develop a regular reading habit. Co-design sessions with libraries, local authorities and families have already involved 88 libraries from across the country.

We delivered *My Pet Star*,
our **Pyjamarama** book title, to

309,700

children



What we've delivered for children and families

This year also saw the successful completion of a **Pori Drwy Stori extension** pilot in Wales. The bilingual (English and Welsh) programme for nursery and reception-aged children is delivered throughout the school year and funded by the Welsh Government. There are 1,300 primary schools that receive the established programme, reaching a total of 33,940 children. The pilot included two new modules that went to over 18,600 children in 500 settings before they started school, and its success has resulted in funding for delivery to 20,000 children in 2021/22.

In February 2021, over 20,000 children joined online and in person for the **Big Welsh Rhyme Time** celebration. We commissioned Welsh, English and bilingual rhymes and songs from Welsh children's musicians, poets, writers and illustrators for children to sing and share. The sessions were run by schools, libraries, nurseries and play groups, designed to develop children's language, social and communication skills as well as their wellbeing.



3.

Encouraging children and families to continue on their reading journeys even when change or new experiences can make this a challenge.

In 2020 we piloted **Reception Ready**, a bespoke pack of books and tools for children about to start primary school, and **Making Moves**, a similar pack for children starting secondary school. Both were designed to support disadvantaged children to keep reading at moments of transition. While evaluation showed that Making Moves did not have the impact we had hoped for, Reception Ready had promising results, which we are building on for further piloting next year.

In Wales, we developed **Journeys and Adventures** book packs for children preparing to enter secondary school. The project supports children in Year 6 who have not had access to high-quality books over the last 12 months due to lockdown and are likely to have missed out on the educational, social and creative benefits of reading.

In addition to these targeted offers, we delivered our annual **Time to Read** campaign, which reaches every child in their first year of school in England and Northern Ireland.

What we've delivered for children and families

We also recognise the importance school libraries play in supporting this work. In April 2021, Waterstones Children's Laureate Cressida Cowell launched her flagship campaign, **Life-changing Libraries**, with an open letter calling on the Prime Minister to ring-fence funding for school libraries. Grounded in research on the importance and impact of libraries in primary schools, the campaign highlights the transformative power of a school library by supporting six very different primary schools across England – all of which have at least 25% of pupils eligible for free school meals – to develop a reading for pleasure culture. Each of the six schools will receive a bespoke library space stocked with approximately 1,000 titles chosen by our expert team with guidance from the CLPE. Staff at the schools will also receive professional training and mentoring from specialists at the School Library Association and will have access to the CLPE's Power of Reading training and membership.

At secondary schools, **Bookbuzz** supports 11- to 13-year-olds to become independent readers by choosing their own books, and this year we saw the highest ever demand. Given the impact of the pandemic on access to books, we are pleased that this programme has provided a way for young people to continue reading for pleasure, especially for those who might not have books at home. We also streamlined our **School Library Pack** offer to focus on state-funded schools in England, ensuring full coverage of schools with high levels of free school meals and pupil referral units.

Number of pupils reached through each programme:



What we've delivered for children and families



4.

Overcoming barriers so children from vulnerable family backgrounds can enjoy the benefits of reading despite the challenges they face.

Letterbox Club is designed to help children aged 3–13 who are looked-after, previously looked-after, vulnerable or on the edge of care. Over the past year we have offered local authority customers greater flexibility in the way we deliver this programme, including direct delivery to foster carers' homes. We are now exploring some short-term improvements to the content of the programme, including new levels of expert, foster carer and children's engagement in selecting books and designing activities.

We have started work on a small pilot to

provide additional support for children who are transitioning into care. With the help of Rotherham Council's Virtual School team, foster carers and looked-after children, we are co-designing and trialling a new reading intervention for children aged 2–11 that will encourage shared reading as a bonding activity and support the development of the relationship between a child and their foster carer at the start of a care placement. These became available from July 2021.

Building a community of

5.

champions who understand, advocate for and promote the benefits of reading.

We continue to provide tools, advice

and resources to help raise awareness of the benefits of reading among partners, practitioners and professionals to help them promote reading with the children and families they support.

We reached

10,592

children with Letterbox Club

Income and supporters

We are very grateful the support of Arts Council England, the Welsh Government and the Department of Education Northern Ireland, whose funding enables us to help families on their reading journey.

We are also grateful to our funding partners who have contributed vital support for our work: the Mohn Westlake Foundation has continued to fund our development work with more disadvantaged families as well as providing core funding support, and the Paul Graham Foundation has supported; our new My Story Pack pilot designed for children entering reception class this year.

Our corporate partners are also important to us and we are grateful to the new and returning companies who have supported us in the past year, including Waterstones Booksellers and Renaissance Learning.

We also want to thank our partners in libraries, local authorities, early years settings and schools, and the publishers, authors and illustrators, without whom our work would not be possible.

In order to achieve all our ambitions, we need to continue to develop our income streams. Our fundraising activity has

generated a record-breaking response this year and we are thankful to all those who have supported our work through various initiatives.

Our **BookTrust Friends** remain at the heart of our fundraising activities and we now have over 5,600 Friends who donated more than £375,000 in the past year.



Income and supporters

Our **Christmas Appeal** raised a record-breaking total of over £450,000 from nearly 14,000 donors. The appeal supports us in sending out over 14,000 festive book parcels to children who are vulnerable or in care, and, for the first time, some parcels were also given out through community foodbanks.



Our annual **Pyjamarama** fundraiser was able to return to schools and nurseries again in 2021, with children across the country wearing their pyjamas to school and spending the day sharing stories.



Income and supporters

As a key funder for BookTrust, we are excited by **Arts Council England's** new ten-year strategy, Let's Create, and the four new investment principles within it detailed here.



Inclusivity & Relevance

England's diversity is fully reflected in the organisations and individuals that we support and in the culture that they produce.



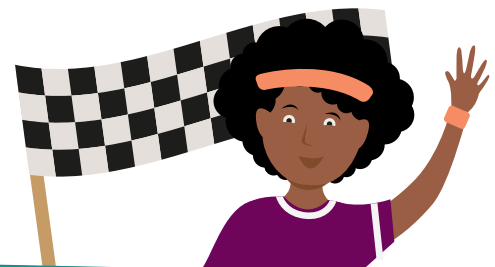
Environmental Responsibility

Cultural organisations lead the way in their approach to environmental responsibility.



Ambition & Quality

Cultural organisations are ambitious and committed to improving the quality of their work.



Dynamism

Cultural organisations are dynamic and able to respond to the challenges of the next decade.

We can already see how closely our new strategy maps to these four investment principles and will be working through the detail of how we take forward these principles during 2021/22.

Income and supporters

“For many children, books and stories are the first stepping stones on the road to a lifetime enriched by culture and creativity. Yet not all families have the same opportunities to experience the joys of reading and sharing books. Through its work, and its partnerships with libraries, schools and community groups, BookTrust is able to share the joy and benefits of reading with families in every corner of the country, and change the lives of countless children in the process. Its new strategy outlines a bold ambition to extend this reach still further, and deliver even deeper impacts for those communities that need greater support. Arts Council England is proud to support it in this essential work.”

Sarah Crown, Director of Literature
Arts Council England



Investing in people

2020/21 was a very challenging year for our staff, with significant upheaval driven by the pandemic. As an organisation we responded very positively to new ways of working, quickly adapting to a home working model. But we also recognised that this resulted in a number of difficulties for staff. Throughout the year we supported staff with training to use technology to work together better and focused on the health and wellbeing of our staff, from finding flexible working solutions to providing equipment and access to BUPA healthcare support through managers and HR.

We continued to maintain our safeguarding training and awareness across staff throughout the year.

We have also remained focused on our organisational behaviours which were launched just as we entered lockdown. The new behaviours reflect how we want to work better as an organisation and the attributes we need to make our new strategy a success while firmly placing children at the centre of what we do.



Financial review

2020/21 has been an incredibly difficult and unprecedented year as the impact of Covid-19 was felt across the UK. The pandemic forced us to change our original plans and rapidly adapt to a new and restricted environment in lockdown. Like many organisations we also had to fundamentally change the way in which we work, shifting entirely to home working within 24 hours and continuing to work from home for the entire year.

Not only did the pandemic affect BookTrust, it had a huge impact on the partners we work with to deliver our programmes to parents and children. As we were finding new ways of working, our partners in local authorities, schools and libraries faced challenges in maintaining their services, all of which had significant impact on children and families.



The challenges of the past year meant that we were not able to achieve all that we planned to do, but despite the difficulties we worked incredibly hard with our partners to deliver over 80% of our planned distribution through the year. At the same time, we developed new initiatives such as our care packages to support families through the pandemic.

In 2020/21 we saw an operating surplus (before investments) of £175,885. We continued to receive £5.76m funding as part of our current contract with Arts Council England, and we were successful in securing £800,000 funding from the Education Directorate of the Welsh Government to support our work in Wales. We continued to make progress in our strategy to diversify our income with our fundraising income increasing by over £530,000 from the previous year, predominantly driven by our Friends and Christmas Campaign, and we have maintained our long-standing relationship with Waterstones. Overall, our total income for the year increased by £400,000, representing a 4% increase year on year.

Like many organisations we saw the value of our investments significantly impacted in 2020 by the extraordinary market disruption of the pandemic. However, we have seen the value of our investments recover from £5.35m in March 2020 increasing to £6.47m by March 2021. We continue to work with our investment partners and closely monitor progress in a market subject to volatility.

Financial review

We were successful in securing

£800,000

funding from the Education Directorate of the Welsh Government to support our work in Wales



Our fundraising income increased by over

£530,000

from the previous year, predominantly driven by our Friends and Christmas Campaign



Our total income for the year increased by

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which represents a 4% increase year on year



We continued to receive

£5.76m

funding as part of our current contract with Arts Council England



Key risks and uncertainties

In reviewing our key risk areas, we do not believe that Covid-19 has changed the underlying strategic risks faced by the organisation. However, it has amplified them and driven more uncertainty, financial risk and instability across our funders, partners and supporters. This comes at a time when we are working to deliver our ambitious new strategy.

Key risks

Innovation – We are not able to deliver the significant innovation that we are aiming for within our strategy (we know that creating sustained, long-term behaviour change by parents and children is difficult), and we recognise that we are trying to innovate within a period of continuing uncertainty.

Partnerships – BookTrust receives support from a wide range of partners who have all experienced their own challenges. The strain on local delivery partners has been particularly exacerbated by recent developments.

Income – We fail to grow and diversify income streams over time.

Organisational change – To achieve our challenging aims and deliver our new strategy, we need to make changes in the way the organisation works. We also need to continue to be more diverse and inclusive to better reflect and serve our beneficiaries.

Key elements of the risk management strategy:

We continue to work closely with our partners to understand their challenges and how we can support them in delivery of our programmes. We are investing in our relationship activities and piloting new innovations to support our delivery and respond to local need.

We have clear plans to support our innovation work, underpinned by investment in monitoring, evaluation and learning so we can better understand our impact. We have a robust focus on income, maintaining current income streams while developing new opportunities and building positive and close relationships with our key funders.

Finally, we are evolving our organisational behaviours by embedding our Equality Action Plan and investing in training and development to support our teams as we move through a period of change in delivering our new strategy.

To support the management of risk and minimise any impact, we regularly review and implement risk management planning with the Trustees. This is supported by strong governance to ensure compliance with the regulatory framework we operate within. We also manage financial risk and set aside appropriate reserves in line with our reserves policy that is regularly reviewed by the Trustees.

Investment policy

Investment policy

BookTrust's investments portfolio can be broken down into two main categories: managed funds and cash on deposit.

Our primary objective is to increase the real value of our investments while managing our risk. With respect to our managed funds, we want to invest in a way that provides a high level of diversification, flexibility and liquidity (with limited exposure to market movements). These funds are managed by Epoch Consulting (part of Brewin Dolphin Ltd) and we work closely with Epoch to monitor performance against agreed market benchmarks and our investment objectives.

Epoch manages our investments through two sub strategies which, as of March 2021, stood at:

- Reserves Overflow (£2,773,872) – low volatility
- Long Term Reserves (£3,700,349) – balanced risk growth portfolio

Remaining funds are held in cash.



Reserves policy

BookTrust's reserves policy is designed to reflect the needs of the organisation and is reviewed annually by the Trustees. Reserves are held under two categories: unrestricted and restricted funds.

Unrestricted funds – £3.5m is retained to fulfil BookTrust obligations in a worst-case scenario orderly exit. This recognises our commitments, for example to leases and to committed traded activity, and also takes into account £1.5m in working capital. This level of working capital is driven by the requirement for advance purchasing (typically in the Far East) to support a 6–9 month production and distribution cycle that enables us to deliver large scale national interventions.

Remaining unrestricted – Our aim is to allocate the remaining £2m of unrestricted reserves in support of our new strategy. This covers areas such as the development of current and new initiatives, building fundraising campaigns, increasing income through traded activity or developing our systems and infrastructure. This will be reviewed annually.

Restricted funds – We have £3m in restricted funds, predominantly linked to early years programmes. Our aim is to allocate these funds across the relevant strategic objectives of our new strategy in the coming years programmes. This will be reviewed annually to ensure the appropriate allocation of reserves.

Thank you

We are very grateful to all of our funders and donors, without whom we would not be able to carry out our mission.

For 2020/21 we would particularly like to thank the following organisations for their generous support:

All our local authority partners
All our publishing partners

Arts & Business Northern Ireland
Arts Council England
Arts Council of Northern Ireland
Bloomsbury Publishing plc
Capita plc
Cockayne – Grants for the Arts
Conflux Digital Ltd
The Corton Hill Trust
Department of Education (Northern Ireland)
Domlal Foundation Ltd
The Folio Society
Gapper Charitable Trust
The George Cadbury Trust
Graham Foundation
The Halbard Charitable Trust
Jobtrain Ltd
Lloyd's Charities Trust
London Community Foundation
Macmillan Children's Books
The Mohn Westlake Foundation
Mushens Entertainment Ltd
The Nottingham Building Society
Pilot Pen UK Ltd
R3
Renaissance Learning UK Ltd
SONI
The Tanlaw Foundation
The Troutsdale Charitable Trust

TwentyOne Marketing
The Vernet Trump Charitable Trust
Unwin Charitable Trust
Usborne Publishing Ltd
Waterstones Booksellers Limited
Welsh Government
Winckworth Sherwood LLP
Wipro Limited



Legal and administrative information

Charity Name	BookTrust
Charity Registration Number	313343
Company Registration Number	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.

John Coughlan CBE	Chair
Radha Chakraborty	Vice Chair
Professor Matthew Cripps	(appointed 1 October 2021)
Gautam Dalal	(appointed 25 June 2021)
Paul Davies	
Harpal Dhillon	
Fiona Johnson	(end of office 2 September 2021)
Michael Hudack	(appointed 1 October 2021)
Professor Anthony Kessel	
Nigel Langstaff	(appointed 25 June 2021)
Hsin Loke	
Claire Malcolm MBE	(end of office 2 September 2021)
June O'Sullivan MBE	
Peter Roche	Honorary Treasurer
Victoria Sellick MBE	(appointed 25 June 2021)
Professor Stephen Scott CBE	(appointed 1 October 2021)

Chief Executive

Diana Gerald

Company Secretary

Jennifer Rachael Bailey

Registered Office and Operational Address

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

Our Advisers

Auditors	Sayer Vincent LLP, Invicta House, 108–114 Golden Lane, London EC1Y 0TL
Bank	NatWest Branch, 111–117 Putney High Street, London SW15 2LL
Solicitors	Russell-Cooke, 2 Putney Hill, London SW15 6AB
Investment Managers	Epoch Consulting, Queen Square House, Queen Square Place, Bath BA1 2LL

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. BookTrust operates under the Articles of Association adopted by special resolution on 2 July 2019.

Governance and management

The Board of Trustees administers the charity and exercises its scrutiny role through Board meetings, held at least quarterly, and standing committees. We have three committees: (i) Finance, Risk and Audit, (ii) Nominations and (iii) Remuneration. Trustees also take lead roles for key areas, notably safeguarding, governance, equality and diversity, people and culture and fundraising and income generation.

Skills audits of Trustees are undertaken periodically to ensure the right balance of skills and experience on the Board, and Trustee recruitment is informed by skills needs. In 2021 we recruited six new Trustees to ensure that we have a diverse Board which brings sufficient skills and expertise to lead BookTrust.

We continue to work towards our Board diversity objective through Trustee recruitment processes. The Board has set out commitments and future actions, including with regard to governance, in an Equality Action Plan and regularly monitors our progress against agreed actions.

There is an annual review of Board effectiveness. In 2020, we commissioned an external review of governance. The review considered BookTrust's governance against both the spirit and requirements of the Charity Governance Code. It included meeting observations and a document review, as well as a survey and interviews with Trustees and members of the senior leadership team. The review concluded that BookTrust is well governed and that the Board fulfils its core governance accountabilities responsibly and in alignment with the expectations of the Charity Governance Code. The review highlighted ways in which BookTrust's governance can be further strengthened, and an action plan has been drafted to manage the implementation of these recommendations.

The Trustees have agreed a Charity Code of Governance action plan which is being implemented with progress reviewed on at least an annual basis by the Board. In line with our plan, we have developed and are implementing new organisational behaviours. We will continue to take action and identify further priorities to reflect relevant recommendations from the external review of governance within the context of the recent refresh of the Charity Governance Code.

Structure, governance and management

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 (SLT) comprises:

- Diana Gerald – Chief Executive Officer
- Colin Atkins – Chief Operating Officer
- Jill Coleman – Director of Children’s Books
- Annie Crombie – Director of Programmes & Partnerships
- Gemma Malley – Director of Communications & Development (to 12 February 2021)
- Lee Green – Director of Income (appointed 19 July 2021)

All personnel aside from the CEO and Senior Leadership Team are remunerated within a pay framework set using job evaluation and analysis and, where relevant, external benchmarking. We have been moving over to a new pay policy which increases the focus on staff performance against job-related targets and assessments. There is also an annual

cost of living review. Changes to the pay policy as well as to the annual cost of living award are decided upon by the Board on the recommendation of the Remuneration Committee. Remuneration of the CEO and SLT is agreed by Trustees based on a formal performance evaluation and periodic external benchmarking.



Independent auditor's report to the members of BookTrust

Opinion

We have audited the financial statements of BookTrust (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have

fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on BookTrust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider

Independent auditor's report to the members of BookTrust

whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report, including the strategic report, 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 trustees' annual report including the strategic report. We have nothing to report in respect of the following matters in relation to which the

Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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.

Independent auditor's report to the members of BookTrust

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, the finance, audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.

Independent auditor's report to the members of BookTrust

- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the 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.

Jonathan Orchard
(Senior statutory auditor)
3 December 2021
for and on behalf of Sayer Vincent LLP,
Statutory Auditor
Invicta House, 108-114 Golden Lane,
LONDON, EC1Y 0TL

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 judgements 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 therefore taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on BookTrust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may be different from legislation in other jurisdictions.



Statement of Trustees' responsibilities

Appointment of Trustees

Under the terms of the Articles of Association as adopted in July 2019, management of BookTrust's affairs is vested in a Board of not less than four Trustees. Trustees are appointed for an initial period of three years. They may be reappointed for a further term of three years and, in exceptional circumstances, for a single further term of no more than one year.

Training of Trustees

All new Trustees are provided with a comprehensive induction programme with information provided on their role, the organisation and its operating context together with meetings organised with key staff. The Board holds at least one away day for Trustees each year. In addition, all Board members are provided with regular updates relevant to the organisation and are encouraged to attend events and training.

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 2020/21, nor related to any person acting on its behalf. We have not conducted any telephone or direct approach based fundraising activity in 2020/21, ensuring that no supporter or potential supporter has been under any pressure to give money or other property.

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.

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, annual report, incorporating the strategic report, approved by order of the Trustees.

**John Coughlan
(Chair)**

5th October 2021

Statement of financial activities

(Including income and expenditure account)
for the year ended 31 March 2021

	Note	Unrestricted funds 2021 (£)	Restricted funds 2021 (£)	Total funds 2021 (£)	Total funds 2020 (£)
Income from:					
Donations and legacies		1,709,586	66,685	1,776,271	1,244,869
Charitable activities					
Initiating shared reading for all		1,981,435	191,457	2,172,892	2,349,664
Supporting shared reading for disadvantaged families in the early years		1,702,238	318,708	2,020,946	1,804,124
Keeping reading going throughout the school years		2,064,402	66,000	2,130,402	1,868,538
Helping the most vulnerable access the greatest benefits of reading		1,224,362	120,704	1,345,066	1,519,267
Explaining the benefits of reading to partners and professionals		96,619	34,104	130,723	249,590
Other activities supporting children's reading		567,325	223,284	790,609	910,461
Other trading activities		–	–	–	5,525
Investment dividends and interest		24,032		24,032	38,929
		<u>9,369,999</u>	<u>1,020,942</u>	<u>10,390,941</u>	<u>9,990,967</u>
Expenditure on:					
	2				
Raising donations		821,089	–	821,089	897,525
Charitable activities					
Initiating shared reading for all		2,230,552	198,023	2,428,575	2,660,628
Supporting shared reading for disadvantaged families in the early years		1,965,088	324,776	2,289,864	2,051,905
Keeping reading going throughout the school years		2,338,147	41,000	2,379,147	2,124,924
Helping the most vulnerable access the greatest benefits of reading		975,359	204,467	1,179,826	1,228,381
Explaining the benefits of reading to partners and professionals		282,991	34,104	317,095	375,954
Other activities supporting children's reading		604,373	195,088	799,461	993,885
Other trading activities		–	–	–	5,525
		<u>9,217,599</u>	<u>997,458</u>	<u>10,215,057</u>	<u>10,338,726</u>
Net income before gains/(losses) on investments	3	152,400	23,484	175,884	(347,759)
Net gain/(loss) on investments	6	1,132,426	–	1,132,426	(553,433)
Net income/(expenditure)		<u>1,284,826</u>	<u>23,484</u>	<u>1,308,310</u>	<u>(901,192)</u>
Net movement in funds		1,284,826	23,484	1,308,310	(901,192)
Total funds brought forward		4,241,200	2,978,481	7,219,681	8,120,873
Total funds carried forward		<u>5,526,026</u>	<u>3,001,965</u>	<u>8,527,991</u>	<u>7,219,681</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 2020 are shown in note 14.

Balance sheet

As at 31 March 2021

Company number: 00210012

	Note	2021 (£)	2020 (£)
Fixed Assets			
Investments	6	6,474,221	5,354,189
Current Assets			
Stock		1,399,292	1,342,319
Debtors	7	938,428	748,421
Cash at bank and in hand		1,980,424	1,559,221
		4,318,144	3,649,961
Creditors: amounts falling due within one year	8	(2,264,374)	(1,784,468)
Net Current Assets		2,053,770	1,865,493
Net Assets		8,527,991	7,219,681
Funds			
Restricted funds	10	3,001,965	2,978,481
Unrestricted			
General fund	10	4,878,026	3,326,200
Designated funds	10	648,000	915,000
		8,527,991	7,219,681

Approved and authorised for issue by the board of directors on 5 October 2021 and signed on their behalf by:

John Coughlan
Director

Peter Roche
Director

Cash flow statement

for the year ended 31 March 2021

	2021 (£)	2020 (£)
Cash flows from operating activities		
Net income before investment gains/(losses) for the reporting period (as per the statement of financial activities)	175,884	(347,759)
(Gains)/losses on investments	(1,132,426)	553,433
Interest	(1,484)	(7,220)
(Increase)/decrease in stock	(56,973)	109,350
(Increase)/decrease in debtors	(190,007)	21,838
Increase/(decrease) in creditors	479,906	(200,164)
Net cash provided by operating activities	(725,100)	129,477
Cash flows from investing activities		
Interest	1,484	7,220
Proceeds from sale of investments	5,769,385	1,923,049
Purchase of investments	(4,604,188)	(1,904,710)
(Gains)/losses on investments	1,132,426	(553,433)
Net cash movement in investments	(1,152,804)	(7,966)
Change in cash in reporting period	421,203	(406,363)
Analysis of cash and cash equivalents		
Cash in hand		
Balance brought forward	1,559,221	1,965,584
Increase/(decrease) in year	421,203	(406,363)
Balance carried forward	1,980,424	1,559,221
Cash in hand		
Bank balance	1,980,374	1,559,171
Cash	50	50
	1,980,424	1,559,221

Notes to the accounts

31 March 2021

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 (SORP) 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 2019) - (Charities SORP (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. Despite the unprecedented challenges of the Covid-19 pandemic in 2020/21 and its ongoing impact, we do not foresee a significant risk to our financial sustainability or a loss or delay in our funding. Our current contract with Arts Council England expires in March 2022, but we are confident that we will receive an extension at the current levels for a further year ahead of our bid for a further four-year funding agreement from 2023.

(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 10.

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 10.

Notes to the accounts

31 March 2021

(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 when they are quantifiable, probable and entitlement is transferred to BookTrust. Invoiced 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 once the recognition criteria are met.
- 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 is accounted for as income only when the conditions under the terms of the grant have been fulfilled and includes contributions from organisations for the supply of packs, books, promotions and prizes.
- Incomes from grants, including government grants, for a specific purpose are accounted for as income as they are received and are shown as restricted reserves until delivered.

(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:

- Fundraising costs 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 company secretary.

Notes to the accounts

31 March 2021

- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. These are incorporated into the expenditure figures in the statement of financial activities.

(g) Stock

Stock is valued at cost price if it is to be used in the programme the following year. Obsolete stock is written down to zero and stock held under contract is valued at the net realisable value.

(h) Fixed assets

Single assets over £10,000 are capitalised.

(i) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

(j) 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.

(k) Cash at bank and in hand and cash equivalents

Cash at bank and in hand includes cash held in accounts and in petty cash.

(l) 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.

(m) Operating leases

There is one lease for a photocopier, which is for a minimum term of three years up to August 2023, and a five-year lease for the telephone system ending in August 2024. There is a three-year rental contract on the Wales office up to May 2023 and on the Northern Ireland office up to September 2023. The lease on the head office expires in September 2024.

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

Notes to the accounts

31 March 2021

(n) Pensions

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

(o) Investments

Investments are valued at their market value ruling at the balance sheet date, which gives rise to unrealised gains and losses that are included in the statement of financial activities. The investments are intended to be for the long term and so are shown as a fixed asset. Our investments have made a significant recovery from the impact of the Covid-19 pandemic in March 2020 and we have seen the value of our investments increase from £5.35m to £6.47m over the year. As recognised within our investment strategy we take a cautious approach to our investments and, while recognising that short-term events can have an impact, we take a long-term view on the value of our investments.

(p) 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.



Notes to the accounts

31 March 2021

2 Analysis of expenditure (current year)

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

	Charitable activities											
	Raising funds (£)	Initiating shared reading for all (£)	Supporting shared reading for disadvantaged families in the early years (£)	Keeping reading going throughout the school years (£)	Helping the most vulnerable access the greatest benefits of reading (£)	Explaining the benefits of reading to partners and professionals (£)	Other activities supporting children's reading (£)	Other trading activities (£)	Governance costs (£)	Support costs (£)	2021 Total (£)	2020 Total (£)
Books and resources	150,057	736,210	631,754	843,732	469,764	47,345	378,787	–	–	–	3,257,648	3,446,330
Research, publicity & engagement	216,071	47,868	55,257	154,940	62,410	66,038	46,321	–	–	13,518	662,423	990,250
Distribution/warehousing	8,314	274,313	244,685	340,818	267,073	12,720	181,494	–	–	2,809	1,332,226	1,129,823
Payroll costs (note 4)	261,948	858,915	987,797	644,139	223,732	133,782	100,081	–	28,727	638,249	3,877,370	3,484,785
Other staffing costs	14,145	136,432	76,167	46,154	10,598	8,284	4,657	–	–	40,179	336,616	448,308
Travel and subsistence	–	1,801	1,566	1,710	687	197	437	–	–	4,544	10,942	82,284
Professional fees and finance costs	48,547	48,189	4,561	4,930	4,649	4	13	–	51,183	53,640	215,715	248,449
Establishment and office costs	6,021	5,357	6,592	7,867	1,226	8,199	1,082	–	–	317,229	353,573	362,996
IT	–	4,404	3,898	4,574	1,910	550	1,216	–	–	151,992	168,544	145,502
Total	705,103	2,113,489	2,012,277	2,048,862	1,042,048	277,120	714,088	0	79,910	1,222,160	10,215,057	10,338,727
Support costs	108,868	295,749	260,551	310,014	129,323	37,522	80,134	–	–	(1,222,160)	–	–
Governance costs	7,118	19,337	17,036	20,270	8,456	2,453	5,240	–	(79,910)	–	–	–
Total expenditure 2021	821,089	2,428,575	2,289,864	2,379,147	1,179,826	317,095	799,461	0	0	0	10,215,057	0
Total expenditure 2020	897,525	2,660,628	2,051,905	2,124,924	1,228,381	375,954	993,885	5,525	0	0	0	10,338,727

Of the total expenditure, £9,217,599 was unrestricted (2020: £9,329,377) and £997,458 was restricted (2020: £1,009,350).

Notes to the accounts

31 March 2021

2b Analysis of expenditure (2020)

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

	Charitable activities										
	Raising funds (£)	Initiating shared reading for all (£)	Supporting shared reading for disadvantaged families in the early years (£)	Keeping reading going throughout the school years (£)	Helping the most vulnerable access the greatest benefits of reading (£)	Explaining the benefits of reading to partners and professionals £	Other activities supporting children's reading (£)	Other trading activities (£)	Governance costs (£)	Support costs (£)	2020 Total (£)
Books and resources	201,793	828,603	611,654	742,816	577,749	23,043	460,651	–	–	20	3,446,330
Research, publicity & engagement	275,037	177,222	100,445	199,029	58,749	126,306	37,538	–	–	15,924	990,250
Distribution/warehousing	10,834	304,314	181,401	241,813	167,948	6,387	217,015	–	–	113	1,129,823
Payroll costs (note 4)	269,956	761,399	784,396	501,526	249,029	159,084	137,787	5,525	27,254	588,830	3,484,785
Other staffing costs	8,096	160,768	49,296	87,053	11,663	4,307	8,489	–	–	118,637	448,308
Travel and subsistence	93	27,488	30,017	7,663	1,616	1,947	5,965	–	–	7,496	82,284
Professional fees and finance costs	109,880	6,809	13,912	7,712	858	4,130	514	–	19,328	85,305	248,449
Establishment and office costs	21,836	7,321	7,050	8,428	1,169	5,639	738	–	–	310,814	362,996
IT	–	3,698	2,666	3,005	1,458	412	1,144	–	–	133,120	145,502
Total	897,525	2,277,622	1,780,838	1,799,043	1,070,239	331,256	869,838	5,525	46,582	1,260,258	10,338,727
Support costs	–	369,354	261,405	314,264	152,505	43,104	119,625	–	–	1,260,258	–
Governance costs	–	13,652	9,662	11,616	5,637	1,593	4,422	–	46,582	–	–
Total expenditure 2020	897,525	2,660,628	2,051,905	2,124,924	1,228,381	375,954	993,885	5,525	0	0	10,338,727

Notes to the accounts

31 March 2021

3 Net incoming/(outgoing) resources

This is stated after charging the following:

Direct costs and other operating charges include:

Operating leases

- Hire of equipment
- Rents payable

Auditors, remuneration

- Audit services
- Non-audit services

	2021 (£)	2020 (£)
	6,193	6,846
	284,834	223,565
	13,500	13,250
	1,300	–



Notes to the accounts

31 March 2021

4 Staff costs

	2021 (£)	2020 (£)
Salaries	3,303,578	2,938,360
Social security costs	317,972	304,341
Pension costs	234,447	203,290
Redundancy and termination payments	21,374	38,794
	<u>3,877,370</u>	<u>3,484,785</u>

Number of employees receiving total gross remuneration in the year in the range:

	2021 number	2020 number
£60,000–69,999	3	1
£70,000–79,999	1	1
£80,000–89,999	0	1
£90,000–99,999	2	1
£100,000–£109,999	1	1
	<u>7</u>	<u>5</u>

The key management personnel comprises the senior leadership team and the total cost of remuneration, benefits and pensions paid to them in the year was £506,804 (2020: £540,067)

Total employer pension contributions in the year for these staff members were £27,498 (2020: £26,871)

	2021 number	2020 number
The average number of employees by function, was:		
Charitable activity	63	57
Development and Fundraising	5	6
Administration and Support	15	14
	<u>83</u>	<u>77</u>

The Trustees have not received any remuneration or benefits in kind during the year (2020: £Nil).

	2021 number	2020 number
Number of Trustees reimbursed expenses during the year	<u>2</u>	<u>2</u>

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

	2021 (£)	2020 (£)
Travel	213	840
Accommodation	117	347
Subsistence	0	30
	<u>329</u>	<u>1,216</u>

Notes to the accounts

31 March 2021

5 Taxation

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

6 Investments

Quoted investments	2021 (£)	2020 (£)
Fair value at the start of the year	5,354,189	5,917,994
Additions	4,604,188	1,904,710
Disposal proceeds	(5,769,385)	(1,923,049)
Net gain/(loss) on change in investments fair value	1,132,426	(553,433)
Movement in cash balance	1,152,804	7,966
Fair value at the end of the year	<u>6,474,221</u>	<u>5,354,189</u>
Historic cost	6,000,000	6,000,000

The investment management charges totalled £34,883 (2020: £42,082)

7 Debtors

	2021 (£)	2020 (£)
Amounts falling due within one year:		
Trade debtors	514,564	329,611
Other debtors	152,776	205,551
Prepayments and accrued income	<u>271,088</u>	<u>213,260</u>
	<u>938,428</u>	<u>748,421</u>

8 Creditors

	2021 (£)	2020 (£)
Amounts falling due within one year:		
Trade creditors	710,470	646,994
Other taxes and social security	93,689	82,850
Accruals	201,084	150,364
Deferred income (note 11)	1,247,818	885,229
Other creditors	<u>11,312</u>	<u>19,031</u>
	<u>2,264,374</u>	<u>1,784,468</u>

Notes to the accounts

31 March 2021

9 Financial instruments

	<u>2021 (£)</u>	<u>2020 (£)</u>
Financial assets		
Financial assets measured at amortised cost	2,622,036	1,947,757
Financial assets measured at fair value through profit or loss	6,474,221	5,354,189
	<u>9,096,257</u>	<u>7,301,946</u>
Financial liabilities		
Financial liabilities measured at amortised cost	778,787	689,749
	<u>778,787</u>	<u>689,749</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.

Notes to the accounts

31 March 2021

10 Funds

	1 April 2020	Incoming resources	Resources used	Transfers between funds	Investment gains/(losses)	31 March 2021
	(£)	(£)	(£)	(£)	(£)	(£)
Unrestricted funds:						
General fund	3,326,200	9,369,999	(8,706,696)	(243,903)	1,132,426	4,878,026
Designated funds:						
IT and infrastructure development	180,000	–	–	(180,000)	–	0
Income diversification	320,000	–	(53,231)	(106,769)	–	160,000
Research & programme development	415,000	–	(457,672)	530,672	–	488,000
Total unrestricted funds	4,241,200	9,369,999	(9,217,599)	0	1,132,426	5,526,026
Restricted funds:						
Promotions	13,881	–	–	–	–	13,881
Children's Reading Fund	83,839	–	(83,839)	–	–	0
Education	8,157	–	–	–	–	8,157
Early Years	2,479,288	–	(6,068)	–	–	2,473,220
Secondary	305,164	–	–	–	–	305,164
Primary	88,152	–	–	–	–	88,152
Letterbox Club	–	–	–	–	–	0
Initiating shared reading for all	–	198,023	(198,023)	–	–	0
Supporting shared reading for disadvantaged families in the early years	–	318,708	(318,708)	–	–	0
Keeping reading going throughout the school years	–	116,000	(41,000)	–	–	75,000
Helping the most vulnerable access the greatest benefits of reading	–	130,824	(120,629)	–	–	10,195
Explaining the benefits of reading to partners and professionals	–	34,104	(34,104)	–	–	0
Other activities supporting children's reading	–	223,284	(195,088)	–	–	28,196
Total restricted funds	2,978,481	1,020,942	(997,458)	0	0	3,001,965
Total funds	7,219,681	10,390,941	(10,215,057)	0	1,132,426	8,527,991

Notes to the accounts

31 March 2021

	1 April 2019	Incoming resources	Resources used	Transfers between funds	Investment gains/ (losses)	31 March 2020
	(£)	(£)	(£)	(£)	(£)	(£)
Unrestricted funds:						
General fund	3,951,943	9,046,066	(8,867,709)	(250,666)	(553,433)	3,326,200
Designated funds:						
IT and infrastructure development	–	–	–	180,000	–	180,000
Income diversification	391,000	–	(169,434)	98,434	–	320,000
Research & programme development	735,000	–	(292,233)	(27,768)	–	415,000
Total unrestricted funds	5,077,943	9,046,066	(9,329,376)	0	(553,433)	4,241,200
Restricted funds:						
Promotions	13,881	69,800	(69,800)	–	–	13,881
Children's Reading Fund	154,358	–	(70,518)	–	–	83,840
Education	8,157	–	–	–	–	8,157
Early Years	2,473,219	406,451	(400,383)	–	–	2,479,287
Secondary	305,164	–	–	–	–	305,164
Primary	88,152	325,607	(325,607)	–	–	88,152
Letterbox Club	0	137,517	(137,517)	–	–	(0)
Other	–	5,525	(5,525)	–	–	0
Total restricted funds	3,042,930	944,900	(1,009,350)	0	0	2,978,480
Total funds	8,120,873	9,990,966	(10,338,726)	(0)	(553,433)	7,219,681

Income includes £5,763,096 from Arts Council England in 2020/21 (2019/20: £5,763,096) which is unrestricted funding as of 2020/21.

Unrestricted funds

The general fund stood at £5,038,026 at 31 March 2021 (2020: £3,326,200). 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 £488,000 has been allocated as designated funds to fund research and programme development (see notes on individual designated funds below) (2020: Designated funds IT and infrastructure £180,000, income diversification £320,000, research and programme development £415,000).

Designated funds

The research and programme development fund has earmarked funds for development work across our programmes to support the delivery of our new strategy. We have a general development allocation fund and we have also built development investment into specific activities related to the strategy, including our new library offer, development of the Transition Packs that were successfully trialled in 2020/21, the development of our early years targeted offer and for developing diversity through BookTrust Represents. We have appointed a new Director of Income in 2021 and will be reviewing investment in income generation activities in 2021.

Restricted funds

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

The Children's 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, to provide adequate working capital and cover the cost of an exit strategy in the event the Bookstart scheme is terminated.

Secondary funds are restricted to the development of secondary age activities.

Primary funds are restricted to the development of primary age activities.

Notes to the accounts

31 March 2021

11 Deferred income

	Letterbox	BookBuzz	Other sales invoices not yet delivered	Total
	(£)	(£)	(£)	(£)
Balance at 1 April 2020	735,479	108,711	41,039	885,229
Released to incoming resources	(735,479)	(108,711)	(41,039)	(885,229)
Amount deferred in year	992,448	218,487	36,883	1,247,818
Balance as at 31 March 2021	<u>992,448</u>	<u>218,487</u>	<u>36,883</u>	<u>1,247,818</u>

Prior year deferred income

	Letterbox	BookBuzz	Other sales invoices not yet delivered	Total
	(£)	(£)	(£)	(£)
Balance at 1 April 2019	884,934	143,940	11,126	1,040,000
Released to incoming resources	(884,934)	(143,940)	(11,126)	(1,040,000)
Amount deferred in year	735,479	108,711	41,039	885,229
Balance as at 31 March 2020	<u>735,479</u>	<u>108,711</u>	<u>41,039</u>	<u>885,229</u>

Deferred income for Letterbox and BookBuzz comprises of pack sales in advance of delivery.

Notes to the accounts

31 March 2021

12 Analysis of net assets between funds

	2021			2020		
	Unrestricted funds (£)	Restricted funds (£)	Total (£)	Unrestricted funds (£)	Restricted funds (£)	Total (£)
Investments	5,526,026	948,195	6,474,221	4,241,200	1,112,989	5,354,189
Net current assets	–	2,053,770	2,053,770	–	1,865,492	1,865,492
Net assets	<u>5,526,026</u>	<u>3,001,965</u>	<u>8,527,991</u>	<u>4,241,200</u>	<u>2,978,481</u>	<u>7,219,681</u>

13 Financial commitments

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

	2021		2020	
	Land and buildings (£)	Other (£)	Land and buildings (£)	Other (£)
Leases ending in:				
Less than one year	–	–	190,503	5,326
1–5 years	<u>870,438</u>	<u>16,511</u>	<u>643,304</u>	<u>12,176</u>
	<u>870,438</u>	<u>16,511</u>	<u>833,807</u>	<u>17,502</u>

Notes to the accounts

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14 Comparative statement of financial activity

	Unrestricted funds 2020 (£)	Restricted funds 2020 (£)	Total funds 2020 (£)
Income from:			
Donations and legacies	1,205,322	39,547	1,244,869
<u>Charitable activities</u>			
Initiating shared reading for all	2,150,659	199,005	2,349,664
Supporting shared reading for disadvantaged families in the early years	1,492,445	311,679	1,804,124
Keeping reading going throughout the school years	1,868,538	–	1,868,538
Helping the most vulnerable access the greatest benefits of reading	1,395,907	123,360	1,519,267
Explaining the benefits of reading to partners and professionals	177,330	72,260	249,590
Other activities supporting children's reading	716,936	193,525	910,461
Other trading activities	–	5,525	5,525
Investment dividends and interest	38,929	–	38,929
	<u>9,046,066</u>	<u>944,901</u>	<u>9,990,967</u>
Expenditure on:			
Raising funds	897,525	–	897,525
<u>Charitable activities</u>			
Initiating shared reading for all	2,471,191	189,437	2,660,628
Supporting shared reading for disadvantaged families in the early years	1,748,952	302,953	2,051,905
Keeping reading going throughout the school years	2,102,609	22,315	2,124,924
Helping the most vulnerable access the greatest benefits of reading	1,020,346	208,035	1,228,381
Explaining the benefits of reading to partners and professionals	288,393	87,560	375,954
Other activities supporting children's reading	800,360	193,525	993,885
Other trading activities	–	5,525	5,525
	<u>9,329,376</u>	<u>1,009,350</u>	<u>10,338,726</u>
Net income before gains/ (losses) on investments	(283,310)	(64,449)	(347,759)
Net (loss) on investments	(553,433)	–	(553,433)
Net income	(836,743)	(64,449)	(901,192)
Net movement in funds	(836,743)	(64,449)	(901,192)
Total funds brought forward	5,077,943	3,042,930	8,120,873
Total funds carried forward	4,241,200	2,978,481	7,219,681

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

Notes to the accounts

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15 Mohn Westlake Foundation

Diana Gerald, CEO of BookTrust, is also a Trustee for the Mohn Westlake Foundation. In 2020/21 BookTrust received an unrestricted donation from the Mohn Westlake Foundation with a value of £250,000 (2020: £250,000).

Diana is also Co-chair/Trustee of EU Read, a non-profit association in Belgium. BookTrust pays an annual subscription of 2,500 euros.





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