

**CHARITY NO: SC027669**

**COMPANY NO: SCO184248**

**SCOTTISH BOOK TRUST**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

# SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2017

## Reference and Administrative Information

### Trustees

Keir Bloomer  
Donald Ledingham  
Professor Willy Maley  
Catherine Smith  
Jackie Taylor  
Rebekah Widdowfield  
Fiona McLeod  
Andy Marchant  
Hilde Frydnes  
James Saville

### Chief Executive

Marc Lambert

### Principal Office

Sandeman House  
Trunk's Close  
55 High Street  
Edinburgh  
EH1 1SR

**Charity Number:** SC027669

**Company Number:** SCO184248

### Independent Auditors

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

### Bankers

Bank of Scotland  
235 Sauchiehall Street  
Glasgow  
G2 3EY

### Solicitors

Anderson Strathern WS  
1 Rutland Court  
Edinburgh  
EH3 8EY

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

The Trustees present the annual report and financial statements for the year ended 31 March 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006 and 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 published on 16 July 2014. The legal and administrative information on page 1 forms part of this report.

### Chair's Report

2016-17 proved to be another good year for Scottish Book Trust with programme growth and creative development. During the year, we contributed to Scottish education's focus on improving attainment by delivering two national programmes, funded by the Scottish Government. As part of the Read, Write, Count initiative, aimed at helping to narrow the educational attainment gap between pupils from different backgrounds, we delivered 180,000 bags of high quality, creative and inspirational books and activities to every P1 to P3 child. Meanwhile, the First Minister's Reading Challenge, aimed at promoting and sustaining a reading culture in Scotland's schools, achieved outstanding success, with 74% of Primary schools participating, against a government expectation of 10%. Both programmes continue to offer great opportunities for further creative development, linking as they do to our other Schools programme activities.

Our Bookbug programme once again contributed strongly to the national effort to promote literacy and a love of reading in young children, reaching every child aged five and under with 240,000 bags of wonderful books and resources. Across the Attainment and Bookbug programmes, we gifted nearly one million books to children and families in Scotland. Our Bookbug for the Home outreach programme continued to provide bespoke support for families in greatest need. Our evaluation revealed that 99% of surveyed health and social work practitioners agreed it was highly effective.

Funded for a second year by Creative Scotland, our ground-breaking new programme for young writers aged 13 to 19 years, What's Your Story, continued to thrive and develop, as did our wider Writer Development programme. Our productive partnership with Creative Scotland also delivered another fantastic year for Book Week Scotland, offering over 1000 events across the country while generating over 855 pieces of print media coverage.

We also succeeded in securing funding for two new digital projects. We look forward to trialling and investigating the possibilities offered by working in this new way with our audiences.

During the year, our senior management team very effectively integrated two new members and made considerable progress in shaping and beginning delivery of our fundraising strategy. We also successfully recruited four excellent new Board members who will contribute their skills and experience to the charity's continued success.

In spring 2017, the charity submitted a robust new business plan to Creative Scotland in support of another 3 year funding bid. The charity will benefit from the strategic clarity and direction developed by the Board and staff during this planning process. We will continue to make the most of the opportunities for programme development and improvement. We will continue to champion creativity, self-expression and personal fulfilment through our programmes. We will work to grow and sustain one of Scotland's best loved charities, directly reaching over two million people living in Scotland.

Keir Bloomer  
Chair

## Report of the Board of Trustees for the Year Ended 31 March 2017

### Objectives and activities

Scottish Book Trust is a national charity which aims to change lives through reading and writing. We work for a Scotland where everyone has an equal opportunity to thrive through literacy and we champion the benefits of reading and writing for pleasure. We seek to build and sustain a Scotland where everyone values and understands the power of reading and writing to transform lives. We believe in and will promote the fundamental right of every person in Scotland to read books they love, to develop their own voice through creative writing, and have that voice heard. We champion this right to ensure that literacy, imagination and creativity are acknowledged as integral to our society's success and wellbeing.

Scottish Book Trust achieves its objectives in the following ways:

By connecting writers and readers

By supporting professional practice for writers in Scotland

By providing continuing professional development opportunities for writers and educationalists

By facilitating and delivering author events throughout Scotland, in schools, libraries and other community spaces

By delivering free book-gifting programmes for every child in Scotland from birth to eight years of age

By gifting learning resources to families to support attainment through parental involvement

By programming annual national reading and writing campaigns, supporting local groups to involve diverse communities and audiences

By running an educational outreach programme of events and projects across Scotland, focussing on areas of deprivation and/or geographical remoteness

By providing independent information on books, writers and reading

By advocating for literacy, the pleasures and benefits of reading and writing, and by campaigning publicly on all related matters

By maintaining and promoting a huge range of innovative and inspiring material and resources on our website

### Review of achievements and performance

This report reflects performance against the priorities identified in year 2 of the 2015-18 Business Plan. Our annual target was to reach 2.2 million people with our programmes. At the end of March 2017, we met this target through the work of our programmes and our website resources.

### Monitoring and evaluation

The diversity of our range of programmes demands a tailored approach to evaluation of impact. In some cases, where appropriate, quantitative outputs are identified and measured and in others, deeper impacts are achieved through targeted work in defined areas or with specific groups. We are working with a research consultant from Edinburgh University to assist us in the development of a holistic approach to capturing the impact of our programmes. In addition, as a Regular Funded Organisation, we took part in Creative Scotland's Artistic and Creative Review Framework during 2016-17 and received excellent reviews of our work. For 2016-17, the clearest method of measuring success is to look at key achievements across the programme.

### Key achievements during 2016-17

Over the last year, Scottish Book Trust has developed existing programmes and delivered new programmes which have significantly enhanced the reading and writing landscape of Scotland. These come under four key themes:

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

### 1. Building a reading culture

#### *Redesigned Children's Book Awards*

In 2016-17 we substantially remodelled these awards. We created a new Bookbug Picture Book Prize, (19,000 children across Scotland voted) and a Scottish Teenage Book Prize. We created two new categories for a Scottish Book Trust Award to recognise outstanding achievement: one for a writer/illustrator living and working in Scotland, and another for a Learning Professional. The last three prizes will be awarded in 2017-18.

#### *Two major new schools programmes*

In 2016-17 we designed and delivered two new programmes funded by the Scottish Government which reached every primary school pupil throughout Scotland. Read, Write, Count delivered reading, writing and numeracy materials to pupils in P1, P2 and P3. Around 180,000 packs were delivered, with a total of 420,000 books gifted. In addition, the First Minister's Reading Challenge aimed to build a reading culture in schools and within families, as well as support attainment in literacy. The programme builds around a child-centred reading challenge, and is backed by world class resources and a new website. Across Scotland, 88% of P4-7 pupils have requested a reading passport, so they can participate.

#### *Extended book gifting*

Through the Bookbug, Read, Write, Count, and Book Week Scotland programmes, we now give away well over a million books annually to the children and adults of Scotland.

#### *Increased Digital and media*

We have continued to develop our Digital Strategy and the unique means of communication with our audiences it facilitates. We now interact with a social media community of over 110,000 people, on 11 separate platforms spread over six social media sites, with a high rate of engagement. We have exploited available technology to create popular apps and video content to share across social media and have further plans to embed digital elements into our programmes. During 2016-17, we also developed two new websites tailored to specific audiences: [www.thestoryis.co.uk](http://www.thestoryis.co.uk) and [www.readingchallenge.scot](http://www.readingchallenge.scot)

Our PR and media activity has supported our programmes, highlighting the impact of our work to a wide audience. In 2016-17, we secured 2,255 pieces of positive print or web coverage, worth £3,454,049 and with a combined reach of more than 93 million people. We also achieved TV and radio coverage in addition to these figures.

### 2. Building a writing culture

#### *What's Your Story?*

Developed in collaboration with Creative Scotland and the Gaelic Books Council, to fill a strategic gap in young writer development, this trailblazing initiative, which is part of Creative Scotland's Time To Shine Youth Arts strategy, works with seven selected teenage young people (14-17 years, including one writing in Gaelic) to provide a bespoke programme of support and development. At least 800 more teenagers across Scotland were engaged and inspired by the programme through the online magazine and the annual conference.

#### *Additional New Writers Awards*

In 2007, the Scottish Arts Council asked Scottish Book Trust to take over management of their New Writing Bursaries. Scottish Book Trust transformed them into the New Writers Awards, providing both direct funding to writers as well as holistic skills development for eight emerging writers every year. The programme has grown to support 12 writers each year, as well as two Gaelic writers. The New Writers Awards have had a major impact on writing in Scotland and are recognised and respected as a hallmark of excellent writing in publishing circles. Our alumni have gone on to achieve significant career development contributing to the vibrant

## Report of the Board of Trustees for the Year Ended 31 March 2017

writing scene in Scotland.

### 3. Promoting equality

#### *Increased support for authors and more targeted interventions through Live Literature*

In 2016-17, in recognition of the need to pay creative practitioners adequately for their skills and time, we increased the author fee for a Live Literature session from £150 to £175, at no extra cost to host organisations (such as schools). By securing funding from the Walter Scott Giving Committee, we grew Live Literature's reach and impact by running six long-term author residencies in schools in areas of high deprivation, at no cost to the schools who benefitted. Over 100 schools applied to the programme and, with new funding from the Walter Scott secured, we will expand this sponsored programme to 10 schools in 2017-18. We secured an additional £20,000 for an Inspiring Classrooms fund for 50 schools taking part in the First Minister's Reading Challenge to host an author visit and purchase additional resources and books for their class libraries.

#### *Bookbug Outreach expanded*

The Early Years Outreach programme, Bookbug for the Home, was developed to ensure that the messages and benefits of the Bookbug programme were reaching all families, regardless of their circumstances or the barriers they might face. This unique programme delivers Bookbug to non-participating, hard-to-reach families who are most in need, building parents' and carers' confidence in singing, rhyming and book sharing – activities which provide a basis for family bonding, as well as the development of children's language, literacy and social skills. During the first four years, 14,000 families across every local authority have benefited from this targeted programme.

### 4. Professional leadership and development

#### *National training programmes*

Scottish Book Trust offers a huge and diverse number of training opportunities for professionals working across Scotland.

**Early Years:** We offer courses to professionals working across the early years, from health, education and social work, to libraries and third-sector partners. In 2016-17, we trained 3,543 individuals. Our recently refreshed 'Train the Trainer' course was fully subscribed, with 64 delegates now able to cascade our Bookbug Session Leader training in their local authority areas. We have continued to work closely with colleges and universities. Interactive sessions have been delivered as part of the curriculum for 1,110 childcare students and 175 health visiting students.

**Schools Programme:** In 2016-17, 16 training events for 1,037 primary and secondary teachers and teaching students were delivered. Since its launch in August 2015, our website resources section for teachers and librarians has generated 68,643 hits and over 28,500 downloads of our classroom, library and school resources.

**Attainment:** Over 44 training events were delivered to over 1,379 participants, including teachers, librarians, parents/carers and other learning professionals. The First Minister's Reading Challenge has 25 unique resources, adaptable presentations and class plans available to download on our website. Read, Write, Count has 19 downloadable resource packs for teachers, librarians and a Parent's Guide with activities for each element included in the Primary 2 and Primary 3 bags.

**Writer Development:** In 2016-17, 45 writers benefitted from the training and mentoring offered through the New Writers Awards and associated programmes. During 2016-17, 187 teenagers participated in training offered through the What's Your Story? programme.

**Reader Development/Adult Literacy:** During 2016-17, 8 training sessions were provided involving 92 participants across the Book Week Scotland and adult literacy programmes.

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

### Plans for the future

Having significantly developed our programmes, partnerships and national reach over the previous year, during the coming year, we will build on these foundations to engage with over 3 million people in Scotland, of all ages, annually. We will focus our efforts on the following priorities:

1. To extend the scope and deepen the impact of our work to reach currently under-represented audiences.
2. To be the leading advocate in Scotland for the power, value and joy of reading and writing, empowering the people of Scotland and enhancing their lives.
3. To design and implement structures and strategies to ensure Scottish Book Trust's future sustainability.

Key pieces of work include:

- Building a national reading culture by gifting a million books, and other inspirational resources, to children and their families in Scotland each year
- Developing our Bookbug Outreach programme to reach more of Scotland's most vulnerable families in every local authority
- Building on our unique access to every child and family in Scotland through the Bookbug, Read, Write, Count, and First Minister's Reading Challenge programmes, to further develop and embed reading culture in families, nurseries and schools
- Monitoring, refining and redeveloping our Children's Book Awards to ensure growing involvement of school communities, and to establish a prestigious new award recognising writers who have made a significant contribution to children's literature in Scotland
- Developing our Authors Live partnership with BBC Learning and responding to new opportunities to supply BBC Scotland with quality Scottish-made content
- Extending and developing Book Week Scotland as a national celebration of reading and writing by building on the 100+ partnerships already established with local and national organisations
- Extending and developing our Live Literature programme over and above the 1,200 sessions already provided, increasing the fee level for authors if possible within the budget
- Extending our current programme by working with the elderly, using books to help combat loneliness and dementia through our new Reading Friends programme
- Continuing to identify, develop and support writing talent in Scotland, from teenagers to senior writers, with an emphasis on assisting writers who face additional barriers to ensure they can access and benefit from our work
- Extending the First Minister's Reading Challenge to all primary school and early secondary pupils (P1-3, S1-3)
- Continuing to develop our national training programmes for nursery and school teachers, trainee teachers, and early years and educational practitioners
- Creating a volunteer strategy to embed a diverse range of local advocates for reading and writing throughout the country, to ensure both readers' and writers' voices are heard through our Reader Development programmes

### Enablers

In order to realise these aims we will:

- Develop our digital capacity and reach, creating a new Scottish Book Trust website, and investing in a new contact and relationship management database (CRM) while

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## Report of the Board of Trustees for the Year Ended 31 March 2017

developing new digital means to support and extend our Early Years programme;

- Fundraise effectively to support our programme development, building on the considerable gains already achieved in 2016-17
- Create a formal research partnership with Edinburgh University (while continuing to engage with other research institutions), in order to create an evaluation framework for measuring the impacts of our activities, to keep abreast of developing knowledge and expertise in our field, and to act as effective evidence-based advocates for our sector as a whole
- Continue to invest in our staff development programme, to equip staff with key skills and competencies, and a well-developed understanding of equalities, diversity and inclusion, whilst also ensuring our Board is diverse and appropriately skilled

### Financial review

Total year-end funds are similar to last year at £2.6m (2016: £2.5m). Unrestricted income has remained largely the same as last year, being Creative Scotland Regular Funding which pays for core staffing and operations, as well as specific programmes. The £67k excess of income over expenditure in the current year is being used to fund the purchase and development of a new CRM database and website in 2017, through the creation of a designated reserve (see note 18). These strategically important projects will build Scottish Book Trust's future sustainability, as well as significantly improving the charity's performance and capacity.

2016-17 is our first year with a fulltime fundraising manager in post and the Board is pleased with the positive start made to these activities with £169k of voluntary funding being raised from a variety of sources from trusts to corporates to private donors.

The £215k increase in restricted funding relates to the new strand of the Attainment Programme (First Minister's Reading Challenge). The £170k of income exceeding expenditure in the year 2016-17, represents funding received in advance for programmes where book stocks and other resources must be purchased ahead of programme delivery. See Note 18 to the Accounts for further detail on restricted funds carried forward for expenditure in the following year.

Income sources during 2016-17 were as follows:

Scottish Government	64%
Creative Scotland – Regular Funding	18%
Creative Scotland – Programme Funding	9%
Other grants	3%
Earned income (Live Literature)	3%
Donations & Sponsorship	2%
Trusts & Foundations	1%

Restricted funds expenditure has increased by £877k on last year, mainly as a result of increased activity in the Attainment Programme. Overall, the Trustees are content that Scottish Book Trust has managed its finances well this year and is in an acceptable position to be able to manage the risks of a tougher funding climate in the coming few years.

### Reserves policy

It is the policy of the Board that unrestricted funds should be maintained to meet any sudden drop in funding or other unforeseen event impacting negatively on the financial situation of the charity. The Board has decided an appropriate level of reserves to hold is 3 months' of central costs and 1.5 months' of programme-specific staff costs (in line with average notice period commitments). Since there are also 11 years remaining on our office building lease, two years' rental charges have also been included as a reasonable estimate of the cost likely to be incurred should it be necessary to move from our current location and negotiate a lease



# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

reassignment.

Based on budgeted expenditure in 2017-18, we need approximately £430,000 of free reserves to meet this target. After allowing for the funds tied up in fixed assets (and therefore not readily available to spend), the target was exceeded at the end of the year by approximately £160,000. Last year, the Board approved the creation of two designated reserves. A Fundraising Risk Fund of £50,000 was created to manage uncertainty around meeting our new fundraising operation's targets but was not needed as targets were met or expenditure postponed. The Board also provided £48,000 for a Programme Development Fund to sustain strategically important projects where funding was expected to end or be reduced in the year. Again, the expected funding cuts did not materialise, so this amount was not needed in 2016-17.

In the 2017-18 budget, the Board approved a major new CRM Database and Website Development project which is essential to improve the charity's performance and for its strategic stability and development. The Board has therefore created a new designated fund for this project. Initial research shows that £120,000 will be needed for the project over the next 2 years.

In addition, the funding for sustaining strategically important existing programmes is once more subject to some uncertainty and reliant on meeting our year 2 fundraising targets. The Board has therefore decided to maintain the Programme Development Fund, albeit at a reduced rate, in the event the fundraising targets are not met.

The Board will continue to monitor levels of unrestricted funds to manage the risks to the charity over the coming year.

### Risk Management

The Trustees have a risk management strategy which comprises:

- A biannual review of the principal risks and uncertainties the charity faces – captured in its Risk Register
- Any significant changes to the risk profile of the organisation during the year are brought to the quarterly Board meetings to agree any change to risk management
- Investment in strategic development activity which addresses the risks identified
- Establishment of policies, systems and procedures to mitigate those risks identified
- Implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise

The biannual review of the Risk Register has identified the following as key risks for the charity:

- **Direct Funding Risks:** Loss of or significant reduction in funding from major funders
- **Independence Risk:** Scottish Book Trust's charitable and/or financial independence is compromised by over-reliance on a key funder
- **Key Partner/Risk to Collaborations:** Programme delivery is adversely affected by funding cuts to local authorities

These risks are being managed in the following ways:

#### Direct Funding Risks:

- Lead staff maintain effective relationships with major funders to promote alignment of Scottish Book Trust aims and priorities with funder interests
- Evaluation of impact of funded programmes is carried out and shared with funders
- Funding streams are diversified through development of our fundraising operation and strategic collaboration with other agencies and organisations

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

- Longer term financial planning considers scenarios which include loss/reduction of key funding
- Appropriate levels of Unrestricted Funds are maintained

### Independence Risk:

- Programme design and delivery is robustly negotiated to ensure Scottish Book Trust's aims and objectives are fulfilled within agreed programme/services contracts
- Research supporting Scottish Book Trust's aims and objectives is shared with funders to influence policy development and strategic priority decisions
- Effective relationships with key strategic groups and forums are built and maintained in order to influence policy and decision making within Scottish Government and local authorities

### Key Partner/Risk to Collaborations:

- Continue to diversify the range of stakeholders and partners to embrace a wide variety of local and national organisations and interests
- Support advocacy for public and school libraries

## Structure, governance and management

The charity is a company limited by guarantee and is governed by its Memorandum and Articles of Association.

The charity is governed by the Board of Trustees, who are also the directors for the purpose of company law. Members of the Trustee Board during the year to 31<sup>st</sup> March 2017 were as follows:

Keir Bloomer	
Elizabeth Burchell	(Resigned 1 <sup>st</sup> November 2016)
Donald Ledingham	
Professor Willy Maley	
Anne Pia	(Resigned 1 <sup>st</sup> December 2016)
Shalinay Raghavan	(Resigned 1 <sup>st</sup> December 2016)
Catherine Smith	
Jackie Taylor	
Rebekah Widdowfield	
Fiona McLeod	(Appointed 28 <sup>th</sup> March 2017)
Andy Marchant	(Appointed 27 <sup>th</sup> June 2017)
Hilde Frydnes	(Appointed 27 <sup>th</sup> June 2017)
James Saville	(Appointed 27 <sup>th</sup> June 2017)

The skills and expertise of Board members in the fields of finance, education, literature, marketing, human resources, strategic planning and leadership, local and central government reflect the current needs of the charity. The Board's skills mix is reviewed regularly to identify any gaps and new Board members are recruited via open advert and/or by invitation to address identified skills gaps.

Induction training is provided to all new Trustees and a training needs assessment is carried out. Ongoing training and development is also provided to Trustees throughout their term of office.

The Board of Trustees, which can have up to 15 members, administers the charity. The Board normally meets quarterly. There is also a quarterly finance sub-committee for financial monitoring and management. A Chief Executive (CEO) 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 within terms of delegation approved by the Trustees. This

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

delegation covers all operational matters, including finance, employment and programme related activity.

### Related party transactions

None of the Trustees receives remuneration or other benefit from their work with the charity. Any connection between a Trustee and a supplier or funder must be disclosed to the full Board of Trustees. A Register of Board Members' Interests is maintained and each Board meeting requires disclosure of any conflicts of interest. No related party transactions were reported in the year.

### Key management personnel

The staff team is led by the CEO, Marc Lambert, who holds responsibility for strategic planning, policy formation and creative vision. He is supported in his role and in the day to day operational management of the charity by the rest of the Senior Management Team (SMT): the Director of Finance & Operations, Alison Ferguson, the Director of Programme, Amina Shah and the Director of Marketing & Communications, Moira Findlay.

### Pay policy for senior staff

The charity's Board of Trustees and the SMT comprise the key management personnel of the charity, in charge of directing, controlling and operating Scottish Book Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses are disclosed in note 3 to the accounts. The pay of the SMT is set annually when the budget is drawn up. Any approved increases are informed by general economic conditions, relevant sector pay awards and inflation rates. Any increases in baseline salaries are approved by the Finance Committee and recommended for approval to the Board. A pay benchmarking exercise for SMT will be carried out in summer 2017 and thereafter will follow the 3 yearly cycle in line with the rest of the staff group. The chief executive's salary represents 3.7 times the lowest salary in the organisation and the average for the rest of the SMT is 2.6 times the lowest salary.

### Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also the directors of the Scottish Book Trust for the purposes of company law) are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources for that period. In preparing the 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 the charity 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 the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SCOTTISH BOOK TRUST

## Report of the Board of Trustees for the Year Ended 31 March 2017

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

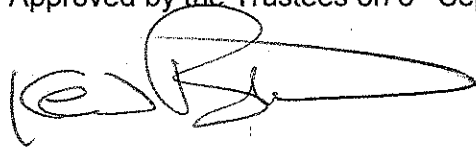
### Statement of Disclosure to the Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Trustees on 5<sup>th</sup> September 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Keir Bloomer', written over a horizontal line.

Name: Keir Bloomer

## SCOTTISH BOOK TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF SCOTTISH BOOK TRUST

#### FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Scottish Book Trust for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 10 and 11, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of 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; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**SCOTTISH BOOK TRUST**

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF  
SCOTTISH BOOK TRUST**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the charitable company has not kept proper and adequate accounting records 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors report and from preparing a strategic report.



Jenny Simpson  
Senior statutory auditor  
For and on behalf of Wylie & Bisset LLP, Statutory Auditor

168 Bath Street  
Glasgow  
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

5<sup>th</sup> September 2017

SCOTTISH BOOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2017

(Including an Income and Expenditure account)

	Note	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £
<b>Income and endowments from:</b>							
Donations and grants	4	879,054	0	879,054	872,070	0	872,070
Charitable activities	5	0	3,734,870	3,734,870	0	3,519,954	3,519,954
Investments	6	6,597	0	6,597	7,099	0	7,099
Other	7	5,703	0	5,703	22,765	0	22,765
<b>Total Income</b>		<b>891,354</b>	<b>3,734,870</b>	<b>4,626,224</b>	<b>901,934</b>	<b>3,519,954</b>	<b>4,421,888</b>
<b>Expenditure on:</b>							
Raising funds	8	71,905	0	71,905	86,640	0	86,640
Charitable activities	10	870,487	3,564,914	4,435,401	864,086	2,806,666	3,670,752
<b>Total Expenditure</b>		<b>942,392</b>	<b>3,564,914</b>	<b>4,507,306</b>	<b>950,726</b>	<b>2,806,666</b>	<b>3,757,392</b>
<b>Net income/(expenditure)</b>		<b>(51,038)</b>	<b>169,956</b>	<b>118,918</b>	<b>(48,792)</b>	<b>713,288</b>	<b>664,496</b>
Transfers between funds		118,506	(118,506)	0	266,645	(266,645)	0
<b>Net movement in funds</b>	18	<b>67,468</b>	<b>51,450</b>	<b>118,918</b>	<b>217,853</b>	<b>446,643</b>	<b>664,496</b>
<b>Funds reconciliation</b>							
<b>Total funds brought forward - as previously reported</b>	18	<b>562,456</b>	<b>1,907,662</b>	<b>2,470,118</b>	<b>344,603</b>	<b>1,491,019</b>	<b>1,835,622</b>
Prior Year Adjustment		0	0	0	0	(30,000)	(30,000)
<b>Total funds brought forward- restated</b>		<b>562,456</b>	<b>1,907,662</b>	<b>2,470,118</b>	<b>344,603</b>	<b>1,461,019</b>	<b>1,805,622</b>
<b>Total Funds carried forward</b>	18	<b>629,924</b>	<b>1,959,112</b>	<b>2,589,036</b>	<b>562,456</b>	<b>1,907,662</b>	<b>2,470,118</b>

The Statement of Financial Activities includes all gains and losses recognised in the year

All income and expenditure derives from continuing activities.

SCOTTISH BOOK TRUST

BALANCE SHEET AS AT 31 MARCH 2017

	Note	Total Funds 2017 £	Total Funds 2016 (As Restated) £
<b>Fixed assets:</b>			
Tangible assets	14	38,362	52,608
<b>Current assets:</b>			
Stocks	15	599,945	688,765
Debtors	16	487,959	124,599
Cash at bank and in hand	21	1,776,253	1,825,943
		2,864,157	2,639,307
<b>Current Liabilities:</b>			
Creditors falling due within one year	17	313,483	221,797
		2,550,674	2,417,510
		<b>2,589,036</b>	<b>2,470,118</b>
<b>The funds of the charity:</b>			
Restricted income funds	18	1,959,112	1,907,662
Unrestricted funds	18	629,924	562,456
		<b>2,589,036</b>	<b>2,470,118</b>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the company.

Approved by the Trustees on 5<sup>th</sup> September 2017 and signed on their behalf by:



Name: Keir Bloomer



Name: Jackie Taylor



SCOTTISH BOOK TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 31 MARCH 2017

	Note	Total Funds 2017 £	Total Funds 2016 £
<b>Cash flows from operating activities:</b>			
Net cash (used in)/provided by operating activities	20	(37,287)	697,308
<b>Cash flows from investing activities:</b>			
Interest received	6	6,597	7,099
Purchase of property, fixtures and equipment	14	(19,000)	(21,923)
		(12,402)	(14,824)
Net cash (used in) investing activities		(12,402)	(14,824)
Change in cash and cash equivalents in the year		(49,690)	682,484
Cash and cash equivalent brought forward		1,825,943	1,143,459
Change in cash and cash equivalents		(49,690)	682,484
<b>Cash and cash equivalents carried forward</b>	21	<b>1,776,253</b>	<b>1,825,943</b>

# SCOTTISH BOOK TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

### 1. Accounting Policies

#### (a) Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Scottish Book Trust constitutes a public benefit entity as defined by FRS 102.

The Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

#### (b) Funds structure

Unrestricted income funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds where the Trustees, at their discretion, have created funds for specific purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor, funder or trust deed, or through the terms of an appeal.

Further details of each fund are disclosed in note 18.

#### (c) Income recognition

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

Donations, are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from government and other grants, whether 'capital' or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

# SCOTTISH BOOK TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

### 1. Accounting Policies (contd.)

#### (d) Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (g) below.

- Costs of raising funds comprise the costs of fundraising staff, management support, marketing, the website, as well as the direct costs of holding events and other fundraising related activities
- Expenditure on charitable activities includes direct staff time, books, other resources and external fees from authors and venues, as well as marketing, management and other support costs undertaken to deliver the programmes

Irrecoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

#### (e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Board Members is not recognised. Refer to the Trustees' annual report for more information about their contribution.

#### (f) Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Governance costs and other support costs relating to charitable activities have been apportioned based on staff time required to run the programmes and activities. The allocation of support and governance costs is analysed in note 9.

#### (g) Tangible fixed assets and depreciation

All individual assets costing more than £5,000 are capitalised and valued at historical cost. Depreciation is charged as follows:

	Basis	
Tenant's improvements to leased buildings	10%	Straight line
Office fixtures and equipment	25%	Straight line
Motor vehicles	25%	Straight line
Computer equipment	33.3%	Straight line

#### (h) Stock

Stock is included at the lower of cost or net realisable value.

## SCOTTISH BOOK TRUST

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1. Accounting Policies (contd.)

##### (i) 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.

##### (j) Cash at bank and in hand

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

##### (k) 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.

##### (l) Pensions

Employees of the charity are entitled to join a defined contribution 'money purchase' scheme. The charity contribution is restricted to the contributions disclosed in note 11. The costs of the defined contribution scheme are included within support and governance costs and are charged to activity cost centre the staff member belongs to.

The money purchase plan is managed by Legal & General. The plan invests the contributions made by the employee and employer in an investment fund to build up over the term of the plan. The pension fund is then converted into a pension upon the employee's normal retirement age which is defined as when they are eligible for a state pension. The annual management charge is 0.5% and this is deducted from the investment fund annually. Scottish Book Trust has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

##### (m) Contingent liabilities

A contingent liability is identified and disclosed for those grants resulting from:

- a possible obligation which will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustees' control; or
- a present obligation following a grant offer where settlement is either not considered probable; or
- the amount has not been communicated in the grant offer and that amount cannot be estimated reliably.

##### (n) Operating leases

The charity classifies the lease of printing equipment as operating leases; the title to the equipment remains with the lessor and the equipment is replaced every 5 years whilst the economic life of such equipment is normally 10 years. Rental charges are charged on a straight line basis over the term of the lease.

##### (o) Financial instruments

The charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

# SCOTTISH BOOK TRUST

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

### 1. Accounting Policies (contd.)

#### (p) Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

### 2. Legal status of the Trust

Scottish Book Trust is a registered Scottish charity.

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

### 3. Related party transactions and Trustees' expenses and remuneration

All Trustees give their time and expertise freely without any form of remuneration or other benefit in cash or kind (2016: £nil). Expenses paid to the Trustees in the year totalled £71 (2016: £10). These expenses comprised reimbursement of one Trustee's travel costs. During the year Trustees waived their right to claim expenses of £252.90 (2016: £197.80). During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2016: none).

### 4. Income from donations and grants

	2017	2016
	£	£
Donations	19,121	12,138
General grants – Creative Scotland Regular Funding	859,933	859,932
	<u>879,054</u>	<u>872,070</u>

### 5. Income from charitable activities

	2017	2016
	£	£
Writer Development & Live Literature Events	220,437	223,358
Schools Programme	120,526	97,600
Reader Development Programme (incl. Adult Learners)	294,462	378,283
Early Years Programme	1,970,301	1,969,712
Attainment programme	1,129,144	851,000
	<u>3,734,870</u>	<u>3,519,954</u>

### 6. Investment income

	2017	2016
	£	£
Interest on cash deposits	<u>6,597</u>	<u>7,099</u>

### 7. Other income

	2017	2016
	£	£
Other Income	<u>5,703</u>	<u>22,765</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

8. Cost of raising funds

	Direct Costs £	Support Costs £	Total 2017 £	Total 2016 £
Staff time, cost of events and marketing	42,456	29,449	71,905	86,640

9. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other support costs are shown in the table below:

Cost type	Total allocated £	Governance related £	Other support costs £	Basis of apportionment
Staff costs	457,444	9,925	447,519	Staff time
Office rental and costs	167,180	3,627	163,553	Staff time
Repairs	68,125	1,478	66,647	Staff time
Depreciation	33,245	721	32,523	Staff time
Total	725,993	15,752	710,242	

	2017 £	2016 £
<b>Governance costs:</b>		
Trustee expenses	71	10
Auditor's remuneration	4,495	3,580
Accountancy fees	0	1,090
Support costs (see above)	15,752	19,820
Total	20,318	24,500

Breakdown of governance and other support costs by activity

	Support Costs £	Governance £	2017 Total £	2016 Total £
Raising Funds	29,449	0	29,449	45,454
Writer Development	111,598	3,331	114,929	86,700
Schools Programme	129,743	3,872	133,615	135,411
Reader Development	88,839	2,651	91,490	135,308
Early Years	241,583	7,210	248,793	233,032
Attainment Programmes	109,029	3,254	112,283	42,577
Total	710,242	20,318	730,559	678,482

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

## 10. Analysis of expenditure on charitable activities

	Writer Dev (incl. Live Lit) £	Schools Programme £	Reader Development £	Early Years Programme £	Attainment Programmes	2017 Total £	2016 Total £
Staff costs	112,553	177,026	123,695	315,162	112,224	840,660	737,009
Direct programme costs	307,262	69,346	163,050	1,167,845	536,634	2,244,137	1,714,037
Office and administration costs	2,788	4,197	3,583	49,550	10,260	70,378	69,106
Travel & subsistence	77,625	43,742	8,459	40,081	3,185	173,092	152,517
Irrecoverable VAT	5,501	2,649	10,723	131,610	100,371	250,854	219,618
Marketing & publicity	4,964	1,104	834	12,214	2,740	21,856	60,558
Other costs	3,634	5,351	38,888	14,358	71,083	133,314	84,879
Governance costs (note 9)	3,331	3,872	2,651	7,210	3,254	20,318	24,500
Support costs (note 9)	111,598	129,743	88,839	241,583	109,029	680,793	608,528
	629,256	437,030	440,722	1,979,613	948,780	4,435,401	3,670,752

## 11. Analysis of staff costs and remuneration of key management personnel

	2017 £	2016 £
Salaries and wages	1,132,366	1,019,393
Social security costs	100,529	92,458
Employer contributions to defined contribution pension scheme	107,647	58,279
Total staff costs	1,340,542	1,170,130

The charity made £107,647 of contributions to the pension plan operated by Legal & General on behalf of the employees (2016: £58,279). For more information about the pension contributions refer to note 1(i).

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

**11. Analysis of staff costs and remuneration of key management personnel (contd.)**

The number of employees whose employee benefits fell within the following bands are as follows:

	2017 No.	2016 No.
£60,000 - £70,000	1	1

**Key Management Personnel**

Total key management personnel remuneration was £233,397 (2016: £198,454). There were some vacancies in 2015-16 whereas in 2017 all posts were filled for the year.

	2017 No.	2016 No.
The average monthly number of persons, by headcount employed by the charity during the year was:	47	42

**12. Net income for the year**

This is stated after charging:	2017 £	2016 £
Depreciation	33,245	46,219
Auditor's remuneration: Audit Fees	4,495	3,580

**13. Government Grants**

Income from government grants comprises amounts received from the Scottish Government and from Creative Scotland.

These amounts totalled £4,278,075 in the year (2016: £4,178,550).

**14. Tangible Fixed Assets**

	Tenant's Improve- ments £	Computer Equipment £	Other Office Equipment £	Motor Vehicles £	Total £
<b>Cost or valuation</b>					
At 1 April 2016	55,009	109,143	12,142	0	176,294
Additions	0	0	0	18,999	18,999
Disposals	0	(6,364)	0	0	(6,364)
At 31 March 2017	<u>55,009</u>	<u>102,779</u>	<u>12,142</u>	<u>18,999</u>	<u>188,929</u>
<b>Depreciation</b>					
At 1 April 2016	33,392	82,837	7,457	0	123,686
Charge for the year	5,501	20,327	2,667	4,750	33,245
Eliminated on disposals	0	(6,364)	0	0	(6,364)
At 31 March 2017	<u>38,893</u>	<u>96,800</u>	<u>10,124</u>	<u>4,750</u>	<u>150,567</u>
<b>Net book value</b>					
At 31 March 2016	<u>21,617</u>	<u>26,306</u>	<u>4,685</u>	<u>0</u>	<u>52,608</u>
At 31 March 2017	<u>16,116</u>	<u>5,979</u>	<u>2,018</u>	<u>14,249</u>	<u>38,362</u>



## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

## 15. Stock

	2017	2016
	£	£
Books and other resources	<u>599,945</u>	<u>688,765</u>

## 16. Debtors

	2017	2016
	£	£
Trade debtors	32,730	28,867
Other debtors	3,021	84,477
Prepayments and accrued income	<u>452,208</u>	<u>11,255</u>
	<u>487,959</u>	<u>124,599</u>

## 17. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	199,962	117,128
Other creditors and accruals	19,832	22,908
Taxation and social security costs	<u>93,689</u>	<u>81,761</u>
	<u>313,483</u>	<u>221,797</u>

## 18. Analysis of charitable funds

Year ended 31<sup>st</sup> March 2017

Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
<b>Unrestricted Funds</b>					
Fixed Assets Fund	52,608	0	(33,245)	18,999	38,363
Fundraising Risk Fund	50,000	0	0	(50,000)	0
Programme Development Fund	48,000	0	0	(8,000)	40,000
CRM & Web Dev. Fund	0	0	0	120,000	120,000
Total Designated Funds	<u>150,608</u>	<u>0</u>	<u>(33,245)</u>	<u>80,999</u>	<u>198,363</u>
General Funds	411,848	891,354	(909,148)	37,507	431,561
Total Unrestricted Funds	<u>562,456</u>	<u>891,354</u>	<u>(942,392)</u>	<u>118,506</u>	<u>629,924</u>
<b>Restricted Funds</b>					
Writer Development (incl. Live Literature)	113,593	220,437	(226,613)	0	107,417
Schools Programme	53,376	120,526	(121,360)	0	52,542
Reader Development (incl. Adult Learners)	40,185	294,462	(288,548)	0	46,099
Early Years Programme	1,274,511	1,970,301	(1,979,613)	(64,559)	1,200,640
Attainment Programme	425,997	1,129,144	(948,780)	(53,947)	552,414
Total Restricted Funds	<u>1,907,662</u>	<u>3,734,870</u>	<u>(3,564,914)</u>	<u>(118,506)</u>	<u>1,959,112</u>
<b>TOTAL FUNDS</b>	<u>2,470,118</u>	<u>4,626,224</u>	<u>(4,507,306)</u>	<u>0</u>	<u>2,589,036</u>

## 18. Analysis of charitable funds (contd.)

Year Ended 31<sup>st</sup> March 2016

Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
<b>Unrestricted Funds</b>					
Fixed Assets Fund	87,982	0	(46,219)	10,845	52,608
Fundraising Risk Fund	0	0	0	50,000	50,000
Programme Development Fund	0	0	0	48,000	48,000
Total Designated Funds	87,982		(46,219)	108,845	150,608
General Funds	256,621	901,934	(904,507)	157,800	411,848
Total Unrestricted Funds	344,603	901,934	(950,726)	266,645	562,456
<b>Restricted Funds</b>					
Writer Development (incl. Live Literature)	86,966	223,358	(196,731)	0	113,593
Adult Learner Programme	27,954	98,288	(111,283)	0	14,959
Schools Programme	66,194	97,600	(110,418)	0	53,376
Reader Development	37,706	279,996	(292,475)	0	25,227
Early Years Programme	1,242,199	1,969,712	(1,852,710)	(84,691)	1,274,510
Attainment Programme	0	851,000	(243,049)	(181,954)	425,997
Total Restricted Funds	1,461,019	3,519,954	(2,806,666)	(266,645)	1,907,662
<b>TOTAL FUNDS</b>	<b>1,805,622</b>	<b>4,421,888</b>	<b>(3,757,392)</b>	<b>0</b>	<b>2,470,118</b>

a) The unrestricted funds are available to be spent for any of the purposes of the charity.

The Trustees have created the following designated funds:

The Fixed Assets Fund represents the funds tied up in fixed assets and therefore not readily available for other purposes. The amount is equal to the net book value at the end of the financial year.

The Fundraising Risk Fund was not used during 2016-17 as targets were met or expenditure was postponed. The Trustees have therefore transferred the amount to a new fund set up to pay for the purchase and development of a CRM and a new website, both of which are essential to the strategic performance, capacity and sustainability of the charity.

The Programme Development Fund represents funds earmarked for use in sustaining strategically important existing programmes where funding is uncertain and reliant on meeting fundraising targets during the year ahead. It has been reduced slightly this year in light of funding being confirmed for some of our programmes.

The General Funds are maintained in line with the Reserves Policy set out in the Trustees Report and protects against a sudden significant loss of funding or unavoidable unplanned expenditure (e.g. on buildings or IT).

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

- b) Restricted funds comprise funding received in advance for committed planned expenditure for specific programmes, as agreed with the funder and are not available for expenditure on any other activities.

The majority of funding carried forward for expenditure in the next financial year comes from the Scottish Government for our Early Years and Attainment programmes and represents funding earmarked for purchasing books and other resources needed to deliver the programmes to agreed timelines.

The majority of the rest of the funding carried over for expenditure in 2017-18 comes from Creative Scotland and represents funding for approved programme activities which by their nature straddle more than one financial year.

Transfers from restricted to unrestricted funds represent charges for programme development and management as agreed and provided for in the funding contracts.

**19. Net assets over funds****Year to 31<sup>st</sup> March 2017**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2017</b>
	£	£	£
Fixed assets	38,362	0	38,362
Stocks,	0	599,945	599,945
Debtors	487,959	0	487,959
Cash at bank & in hand	417,086	1,359,167	1,776,253
Creditors due in less than 1 year	(313,483)	0	(313,483)
	<u>629,924</u>	<u>1,959,112</u>	<u>2,589,036</u>

**Year to 31<sup>st</sup> March 2016**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2016</b>
	£	£	£
Fixed assets	52,608	0	52,608
Stocks,	0	688,765	688,765
Debtors	124,599	0	124,599
Cash at bank & in hand	607,046	1,218,897	1,825,943
Creditors due in less than 1 year	(221,797)	0	(221,797)
	<u>562,456</u>	<u>1,907,662</u>	<u>2,470,118</u>

**20. Reconciliation of net income/ (expenditure) to net cash flow from operating activities**

	<b>2017</b>	<b>2016</b>
	£	£
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	118,918	664,496
Adjustments for:		
Depreciation charges	33,245	46,219
Interest received	(6,597)	(7,099)
Profit on the disposal of fixed assets	0	11,078
(Increase)/decrease in stocks	88,820	(98,462)
Decrease/(increase) in debtors	(363,359)	104,895
Increase/(decrease) in creditors	91,686	(23,819)
Net cash provided by/(used in) operating activities	<u>(37,287)</u>	<u>697,308</u>

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

**21. Analysis of cash and cash equivalents**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Total cash and cash equivalents	<u>1,776,253</u>	<u>1,825,943</u>

**22. Commitments under operating leases**

At 31 March 2017 the charity had future lease commitments under non-cancellable operating leases as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Less than one year	50,000	50,000
Between two and five years	62,500	112,500
Over 5 years	<u>0</u>	<u>0</u>