

CHARITY NO: SC027669

COMPANY NO: SC0184248

SCOTTISH BOOK TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

SCOTTISH BOOK TRUST

Report and Financial Statements for the Year Ended 31 March 2018

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SCOTTISH BOOK TRUST

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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

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Charity Number: SC027669

Company Number: SCO184248

Independent Auditors

Wylie & Bisset LLP
168 Bath Street
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G2 4TP

Bankers

Bank of Scotland
235 Sauchiehall Street
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Solicitors

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SCOTTISH BOOK TRUST

Report of the Board of Trustees for the Year Ended 31 March 2018

The Trustees present the annual report and financial statements for the year ended 31 March 2018. 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

2017-18 proved to be another year of considerable achievement for Scottish Book Trust. Following the submission of a robust business plan, our Regular Funding from Creative Scotland was confirmed once again, putting our charity on a very stable footing for the 2018-21 period. This unrestricted funding is key to the stability and sustainability of our core organisation, as well as supporting many of our key programmes, including those for schools, readers and writers. Our partnership with Creative Scotland also delivered another fantastic year for Book Week Scotland, offering over 1,000 events across the country which generated more than 470 pieces of print and broadcast media coverage, with a reach of over 10 million. We have also been making good progress in delivering our Creative Scotland approved Equalities, Diversity and Inclusion action plan throughout all of our programmes.

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 130,000 bags of high quality books and activities to every P2 and P3 child. Meanwhile, the First Minister's Reading Challenge, aimed at promoting and sustaining reading culture in Scotland's schools, achieved outstanding success, with a 35% increase in submissions. Both programmes continue to offer great opportunities for further creative development, linking as they do to our other programme activities for schools.

Our Bookbug early years programme contributed strongly to the national effort to promote literacy and a love of reading in young children, reaching every child from birth to Primary 1 with 231,000 bags of wonderful books and resources. Across the Attainment and Bookbug programmes, we gifted nearly one million books to children and families in Scotland. Meanwhile, our Bookbug for the Home outreach programme continued to provide bespoke support for families in greatest need.

Funded in its third year by the Big Lottery and private donations, our ground-breaking new programme for young writers, *What's Your Story*, continued to thrive and develop, as did our wider Writer Development programme - which counted, amongst its notable successes, support for Gail Honeyman as she wrote *Eleanor Oliphant is Completely Fine*.

We also succeeded in securing funding for two new digital projects, supporting our programmes and contributing to the ongoing strategic development of our digital capabilities. We look forward to developing the possibilities offered by working in this new way with our audiences.

During the year we made considerable progress in delivering our fundraising strategy, one of our most important strategic aims.

We will continue to champion creativity, self-expression and personal fulfilment through our programmes, ensuring they are delivered with the highest care, quality and impact. 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

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 so 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 learning professionals

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 the pleasures and benefits of reading and writing, and by campaigning publicly on these matters

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

Review of achievements and performance

This report reflects on performance against the priorities identified in year 3 of our 2015-18 Business Plan. Our annual target was to reach 2.37 million people with our programmes. At the end of March 2018, we met this target through the work of our programmes and our digital resources.

Monitoring and evaluation

The diverse nature of our programmes demands a tailored approach to evaluation of impact. In some areas, where appropriate, quantitative outputs are identified and measured and in others, deeper impacts and more complex outcomes are achieved through targeted work with specific groups. As well as carrying out programme-specific externally resourced evaluation reports, our programmes continue to measure outputs and gather qualitative data for monitoring. In addition, as a Regular Funded Organisation, we took part in Creative Scotland's Artistic and Creative Review Framework during 2017-18 and received excellent reviews of our work. For 2018-19, we are investing in a new post of Head of Research and Evaluation so we can focus on the creation of a consistent approach to monitoring and evaluation, set within a coherent framework, as well as make the most of the data that will be gathered through our new CRM system, currently under development. For 2017-18, the clearest method for measuring success continued to be looking at key achievements across the programme.

Key achievements during 2017-18

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:

1. Building a reading culture

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Report of the Board of Trustees for the Year Ended 31 March 2018

Redesigned Children's Book Awards

In 2017-18 we substantially remodelled these awards. We created a new Bookbug Picture Book Prize and a Scottish Teenage Book Prize. We also 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.

High profile schools programmes

In 2017-18 we designed and delivered two 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. In its second year the Challenge expanded to include all pupils in P1 to P7 and was also piloted in six secondary schools. Reading Challenge submissions increased by 35% from schools across Scotland.

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 140,000 people, on 12 separate platforms spread over seven social media sites, with a high rate of engagement. We have exploited available technology to drive digital deeper into all of our programmes. During 2017-18, we introduced our first Virtual Festival as part of Book Week Scotland, engaging different audiences through a range of live streamed events, pre-recorded video and social media campaigns.

Our PR and media activity has supported our programmes, highlighting the impact of our work to a wide audience. In 2017-18, we secured 3,010 pieces of positive print or online coverage, worth £5.1m and with a combined reach of more than 89 million. We 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 began as part of Creative Scotland's Time To Shine Youth Arts strategy, works with seven selected young people (14-17 years, including one writing in Gaelic) to provide a bespoke programme of support and development. In 2017-18, we were delighted to receive £50,000 of funding from Big Lottery Young Start for our programme. At least 500 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 writing scene in Scotland.

3. Promoting equality

Increased support for authors and more targeted interventions through Live Literature

In 2017-18, we secured funding from the Walter Scott Giving Committee which we used to grow Live Literature's reach and impact by running 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 2018-19. We secured an additional £40,000 for an Inspiring Classrooms fund for 100 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 2017-18 we trained 3,394 individuals including staff from Glasgow Life, who have not previously been part of the Bookbug Programme. We have continued to work closely with colleges and universities. Interactive sessions have been delivered as part of the curriculum for 1,089 teaching and nursery nurse students.

Schools Programme: In 2017-18, training events for 496 primary and secondary teachers and teaching students were delivered. During this period, our website resources section for teachers and librarians generated 49,650 hits and over 24,700 downloads of our classroom, library and school resources.

Attainment: Over 60 training events were delivered to over 1,800 participants, including teachers, librarians, parents/carers and other learning professionals. The First Minister's Reading Challenge has 30 unique resources, with a further 70 blogs, book lists and case studies. Read, Write, Count has 59 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 2017-18, over 50 writers benefitted from the training and mentoring offered through the New Writers Awards and associated programmes. During 2017-18, 207 teenagers participated in training offered through the What's Your Story? programme.

Reader Development/Adult Literacy: During 2017-18, 11 training sessions were provided involving 85 participants across the Book Week Scotland and adult literacy programmes.

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 3.1 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-

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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
- Working with local Bookbug session leaders to design our new Bookbug App to support the programme
- 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 a range of readers and school communities, and to continue to recognise authors and learning professionals who have made a significant contribution to children's literature and children's engagement with reading through our Scottish Book Trust Awards.
- 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 and continuing to bring in new audiences through the Virtual Festival strand.
- Extending and developing our Live Literature programme over and above the 1,200 sessions already provided,
- Build on our Digital Storytelling project in local communities to ensure a diverse range of people have the skills and confidence to make their voices heard in the digital world.
- Continuing to identify, develop and support writing talent in Scotland, from teenagers to established 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 secondary pupils as well as libraries and community groups
- 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, completing work on delivering a new Scottish Book Trust website, and contact and relationship management database (CRM) while developing new digital means to support and extend our Early Years programme;
- Continue to deliver the next phases of our Fundraising Strategy, launching our Major Donors Book Club, recruiting a new Trusts & Foundations post to build on and extend the considerable gains already achieved in 2017-18

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- Invest in a new Head of Research and Evaluation post to create an evaluation framework for measuring the impacts of our activities, to keep abreast of developing knowledge and expertise in our field, using evidence-based advocacy to promote the work of 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 in line with last year's at £2.6m (2017: £2.6m). Unrestricted income has remained largely the same as last year, being chiefly Creative Scotland Regular Funding which pays for core staffing and operations, as well as for specific programmes. The £70k excess of unrestricted costs over income reflects expenditure in the current year on development of our new CRM database and website. A designated reserve was created for this purpose at the end of 2016-17 (see note 19). These strategically important projects will build Scottish Book Trust's future sustainability, as well as significantly improving the charity's performance and capacity.

2017-18 is our second year with a fulltime fundraising manager in post and the Board is pleased with the progress made in implementing our Fundraising Strategy with £202k of voluntary funding being raised from a variety of sources from trusts to corporates to private donors.

The £230k increase in restricted income reflects a full year delivering the extended Attainment Programme (Read Write Count and First Minister's Reading Challenge). Restricted funds expenditure has increased by £225k on last year as a result of increased activity across all of our programmes. The £83k excess of restricted income over expenditure during the year, together with the other carried forward restricted funds, represents funding received in advance for programmes where book stocks and other resources must be purchased ahead of programme delivery. See Note 19 to the Accounts for further detail on restricted funds carried forward for expenditure in the following year.

Income sources during 2017-18 were as follows:

Scottish Government	66%
Creative Scotland – Regular Funding	18%
Creative Scotland – Programme Funding	6%
Other grants	1%
Earned income (Live Literature)	3%
Donations & Sponsorship	3%
Trusts & Foundations	3%

Overall, the Trustees are satisfied that Scottish Book Trust has managed its finances appropriately and that it 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 10 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 reassignment.

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Report of the Board of Trustees for the Year Ended 31 March 2018

Based on budgeted expenditure in 2018-19, we need approximately £480,000 of free reserves to meet this target. After allowing for funds tied up in fixed assets (and therefore not readily available to spend) and amounts designated for and committed to expenditure on our CRM and Website Development, we had a shortfall in our target general reserves of £42k (9%). Last year, the Board also provided £40,000 for a Programme Development Fund to sustain strategically important projects where funding was expected to end or be reduced during the year. However, since we have had our funding from Creative Scotland confirmed in principle for the coming three years, this amount will not be needed in 2018-19.

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

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Report of the Board of Trustees for the Year Ended 31 March 2018

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 31st March 2018 were as follows:

Keir Bloomer	
Donald Ledingham	
Professor Willy Maley	
Catherine Smith	
Jackie Taylor	
Rebekah Widdowfield	
Fiona McLeod	
Andy Marchant	(Appointed 27 th June 2017)
Hilde Frydnes	(Appointed 27 th June 2017)
James Saville	(Appointed 27 th 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 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

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Report of the Board of Trustees for the Year Ended 31 March 2018

economic conditions, relevant sector pay awards and inflation rates. This year a benchmarking exercise was carried out by an independent consultant. Resulting increases in baseline salaries were verified by the Finance Committee and recommended for approval to the Board. Going forward, a pay benchmarking exercise will follow the same 3 yearly cycle adopted for the rest of the staff group. The chief executive's salary represents 4 times the lowest salary in the organisation and the average for the rest of the SMT is 3 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.

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 17th September 2018 and signed on their behalf by:



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 2018**

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, and of its incoming resources and application of resources, 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 2016; Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**SCOTTISH BOOK TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
SCOTTISH BOOK TRUST FOR THE YEAR ENDED 31 MARCH 2018**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the report of the board of trustees.

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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 take advantage of the small companies' exemptions in preparing the report of the board of trustees and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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.

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.

**SCOTTISH BOOK TRUST
INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES AND MEMBERS OF
SCOTTISH BOOK TRUST FOR THE YEAR ENDED 31 MARCH 2018**

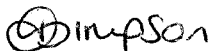
Auditor's responsibilities for the audit of the financial statements (contd)

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

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, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Jenny Simpson (Senior Statutory Auditor)
For and on behalf on Wylie & Bisset LLP, Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

1 October 2018

SCOTTISH BOOK TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 MARCH 2018

(Including an Income and Expenditure account)

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds (Restated) 2017 £
Income and endowments from:							
Donations and grants	4	970,263	0	970,263	973,101	0	973,101
Charitable activities	5	0	3,965,359	3,965,359	0	3,734,870	3,734,870
Investments	6	3,036	0	3,036	6,597	0	6,597
Other	7	578	0	578	5,703	0	5,703
Total Income		973,877	3,965,359	4,939,236	985,401	3,734,870	4,720,271
Expenditure on:							
Raising funds	8	153,043	0	153,043	165,952	0	165,952
Charitable activities	10	982,339	3,790,696	4,773,035	870,487	3,564,914	4,435,401
Total Expenditure		1,135,382	3,790,696	4,926,078	1,036,439	3,564,914	4,601,353
Net income/(expenditure)		(161,505)	174,663	13,158	(51,038)	169,956	118,918
Transfers between funds		91,714	(91,714)	0	118,506	(118,506)	0
Net movement in funds	19	(69,791)	82,949	13,158	67,468	51,450	118,918
Total funds brought forward	19	629,924	1,959,112	2,589,036	562,456	1,907,662	2,470,118
Total funds carried forward	19	560,133	2,042,061	2,602,194	629,924	1,959,112	2,589,036

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 2018

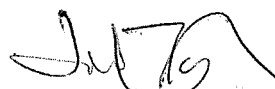
	Note	Total Funds 2018 £	Total Funds 2017 £
Fixed assets:			
Tangible assets	14 (a)	20,874	38,362
Intangible assets	14 (b)	21,970	0
Current assets:			
Investments	15	100,000	0
Stocks	16	673,084	599,945
Debtors	17	475,525	487,959
Cash at bank and in hand	22	1,726,339	1,776,253
Total Current Assets		<u>2,974,948</u>	<u>2,864,157</u>
Current Liabilities:			
Creditors falling due within one year	18	415,598	313,483
Net Current Assets		<u>2,559,350</u>	<u>2,550,674</u>
Total Net Assets		<u>2,602,194</u>	<u>2,589,036</u>
The funds of the charity:			
Restricted income funds	19	2,042,061	1,959,112
Unrestricted funds	19	560,133	629,924
Total Charity Funds		<u>2,602,194</u>	<u>2,589,036</u>

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 17th September 2018 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 2018

	Note	Total Funds 2018 £	Total Funds 2017 £
<i>Cash flows from operating activities:</i>			
Net cash provided by/ (used in) operating activities	21	69,020	(37,287)
<i>Cash flows from investing activities:</i>			
Interest received	6	3,036	6,597
Purchase of Investments	15	(100,000)	0
Development of Intangibles	14 (b)	(21,970)	(19,000)
		(118,934)	(12,402)
Net cash (used in) investing activities		(118,934)	(12,402)
Change in cash and cash equivalents in the year		(49,914)	(49,690)
Cash and cash equivalent brought forward		1,776,253	1,825,943
Change in cash and cash equivalents		(49,914)	(49,690)
Cash and cash equivalents carried forward	22	1,726,339	1,776,253

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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).

The charity's functional currency is sterling. Amounts in the financial statements are rounded to the nearest £.

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) Reconciliation with previously reported results

The accounts have been prepared in line with accounting policy (f) below and now recognise the value of donations of advertising services, see note 4 below. This has required a prior year adjustment to the comparative income and expenditure for 2017, as set out below:

Reconciliation of reported income	£
Total income as previously stated	4,626,224
Adjustment for in kind donations	94,047
Total income for 2017 restated	<u>4,720,271</u>

Reconciliation of reported expenditure	£
Total expenditure as previously stated	4,507,306
Adjustment for in kind donations	94,047
Total expenditure for 2017 restated	<u>4,601,353</u>

There has been no impact on the previously reported result or closing financial position.

c) 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 19.

d) 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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies (contd.)

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.

e) 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.

f) 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.

g) 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.

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies (contd.)

h) Tangible fixed assets and depreciation

All individual assets costing more than £5,000 are capitalised and valued at historical cost. Assets are depreciated when brought into use. 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

i) Intangible fixed assets and amortisation

Individual assets costing more than £5,000 are capitalised and valued at historic cost. Assets are amortised when brought into use. Amortisation is charged as follows:

	Basis	
Website and CRM Software development	25%	Straight line

j) Stock

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

k) 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.

l) 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.

m) 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.

n) 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.

o) Contingent liabilities

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

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies (contd.)

- 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.

p) 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.

q) 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.

r) 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 (2017: £nil). Expenses paid to the Trustees in the year totalled £114 (2017: £71). These expenses comprised reimbursement of one Trustee's travel costs. During the year Trustees waived their right to claim expenses of £218 (2017: £253). During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2017: none).

4. Income from donations and grants

	2018	2017
	£	£
Donations	18,466	19,121
In kind donations	91,869	94,047
General grants – Creative Scotland Regular Funding	859,928	859,933
	<u>970,263</u>	<u>973,101</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

5. Income from charitable activities

	2018 £	2017 £
Writer Development & Live Literature Events	199,594	220,437
Schools Programme	153,059	120,526
Reader Development Programme	314,867	294,462
Early Years Programme	1,961,785	1,970,301
Attainment programme	1,336,054	1,129,144
	<u>3,965,359</u>	<u>3,734,870</u>

6. Investment income

	2018 £	2017 £
Interest on cash deposits	<u>3,036</u>	<u>6,597</u>

7. Other income

	2018 £	2017 £
Other Income	<u>578</u>	<u>5,703</u>

8. Cost of raising funds

	Direct Costs £	Support Costs £	Total 2018 £	Total 2017 £
Staff time, cost of events and marketing	39,060	113,983	153,043	<u>165,952</u>

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	560,018	5,804	554,214	Staff time
Office rental and costs	325,620	2,423	323,197	Staff time
Repairs	70,068	726	69,342	Staff time
Depreciation	17,488	181	17,307	Staff time
Total	<u>973,194</u>	<u>9,134</u>	<u>964,060</u>	

	2018 £	2017 £
Governance costs:		
Trustee expenses	114	71
Auditor's remuneration	3,795	4,495
Support costs (see above)	9,134	15,752
Total	<u>13,043</u>	<u>20,318</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

9. Allocation of governance and support costs (contd)

Breakdown of governance and other support costs by activity

			2018	2017
	Support Costs	Governance	Total	Total
	£	£	£	£
Raising Funds	113,983	0	113,983	123,496
Writer Development	119,379	1,832	121,211	114,929
Schools Programme	184,757	2,835	187,592	133,615
Reader Development	113,451	1,741	115,192	91,490
Early Years	302,695	4,644	307,339	248,793
Attainment Programmes	129,795	1,991	131,786	112,283
Total	964,060	13,043	977,103	824,606

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

10. Analysis of expenditure on charitable activities

	Writer Dev (incl. Live Lit) £	Schools Programme £	Reader Development £	Early Years Programme £	Attainment Programmes £	2018 Total £	2017 Total £
Staff costs	121,254	193,059	120,553	333,064	121,960	889,890	840,660
Direct programme costs	346,610	108,624	184,075	1,142,534	611,134	2,392,977	2,244,137
Office and administration costs	1,994	6,665	1,220	48,567	6,950	65,396	70,378
Travel & subsistence	77,662	25,582	10,756	29,626	11,025	154,651	173,092
Irrecoverable VAT	3,703	3,697	11,184	126,235	110,242	255,061	250,854
Marketing & publicity	3,032	2,064	8,844	10,504	14,135	38,579	21,856
Other costs	2,970	5,547	42,943	9,313	52,587	113,360	133,314
Governance costs (note 9)	1,832	2,835	1,741	4,644	1,991	13,043	20,318
Support costs (note 9)	119,379	184,757	113,451	302,695	129,795	850,078	680,793
	678,436	532,831	494,767	2,007,182	1,059,819	4,773,035	4,435,401

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

	2018 £	2017 £
Salaries and wages	1,257,049	1,132,366
Social security costs	113,795	100,529
Employer contributions to defined contribution pension scheme	118,123	107,647
Total staff costs	1,488,967	1,340,542

The charity made £118,123 of contributions to the pension plan operated by Legal & General on behalf of the employees (2017: £107,647). For more information about the pension contributions refer to note 1(l).

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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:

	2018 No.	2017 No.
£60,000 - £69,999	0	1
£70,000 - £79,999	1	0

Key Management Personnel

Total key management personnel remuneration was £282,100 (2017: £233,397).

	2018 No.	2017 No.
The average monthly number of persons, by headcount employed by the charity during the year was:	50	47

12. Net income for the year

This is stated after charging:	2018 £	2017 £
Depreciation	17,488	33,245
Auditor's remuneration: Audit Fees	3,795	4,495

13. Government Grants

Income from government grants comprises amounts received from the Scottish Government, Creative Scotland, South Ayrshire Council, SLIC and City of Edinburgh Council. These amounts totalled £4,464,492 in the year (2017: £4,278,075).

14. Fixed Assets

(a) Tangible Fixed Assets

	Tenant's Improve- ments £	Computer Equipment £	Other Office Equipment £	Motor Vehicles £	Total £
Cost or valuation					
At 1 April 2017	55,009	102,779	12,142	18,999	188,929
Additions	0	0	0	0	0
Disposals	0	0	0	0	0
At 31 March 2018	<u>55,009</u>	<u>102,779</u>	<u>12,142</u>	<u>18,999</u>	<u>188,929</u>
Depreciation					
At 1 April 2017	38,893	96,800	10,124	4,750	150,567
Charge for the year	5,501	5,979	1,258	4,750	17,488
Eliminated on disposals	0	0	0	0	0
At 31 March 2018	<u>44,394</u>	<u>102,779</u>	<u>11,382</u>	<u>9,500</u>	<u>168,055</u>
Net book value					
At 31 March 2017	16,116	5,979	2,018	14,249	38,362
At 31 March 2018	<u>10,615</u>	<u>0</u>	<u>760</u>	<u>9,499</u>	<u>20,874</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

(b) Intangible Fixed Assets

	Assets under Development £
Cost or valuation	
At 1 April 2017	0
Additions	21,970
Disposals	0
At 31 March 2018	<u>21,970</u>
Amortisation	
At 1 April 2017	0
Charge for the year	0
Eliminated on disposals	0
At 31 March 2018	<u>0</u>
Net book value	
At 31 March 2017	<u>0</u>
At 31 March 2018	<u>21,970</u>

15. Investments

Represents investment of cash balances with a maturity date of less than one year.

16. Stock

	2018 £	2017 £
Books and other resources	<u>673,084</u>	<u>599,945</u>

17. Debtors

	2018 £	2017 £
Trade debtors	73,992	32,730
Other debtors	5,498	3,021
Prepayments and accrued income	396,035	452,208
	<u>475,525</u>	<u>487,959</u>

18. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	240,600	199,962
Other creditors and accruals	87,128	19,832
Taxation and social security costs	87,870	93,689
	<u>415,598</u>	<u>313,483</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

19. Analysis of charitable funds

Year ended 31st March 2018

Analysis of Fund movements	Balance b/fwd £	Income £	Expenditure £	Transfers £	Fund c/fwd £
Unrestricted Funds					
Fixed Assets Fund	38,363	0	(17,488)	21,970	42,845
Programme Dev. Fund	40,000	0	0	(40,000)	0
CRM & Web Dev. Fund	120,000	0	(18,465)	(21,970)	79,565
Total Designated Funds	198,363	0	(35,953)	(40,000)	122,410
General Funds	431,561	973,877	(1,099,429)	131,714	437,723
Total Unrestricted Funds	629,924	973,877	(1,135,382)	91,714	560,133
Restricted Funds					
Writer Development	107,417	199,594	(243,073)	0	63,938
Schools Programme	52,542	153,058	(143,149)	0	62,451
Reader Development	46,099	314,867	(339,745)	0	21,221
Early Years Programme	1,200,640	1,961,785	(2,005,591)	(30,036)	1,126,798
Attainment Programme	552,414	1,336,055	(1,059,138)	(61,678)	767,653
Total Restricted Funds	1,959,112	3,965,359	(3,790,696)	(91,714)	2,042,061
TOTAL FUNDS	2,589,036	4,939,236	(4,926,078)	0	2,602,194

Year Ended 31st March 2017

Analysis of Fund movements	Balance b/fwd £	Restated Income £	Restated Expenditure £	Transfers £	Fund c/fwd £
Unrestricted Funds					
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	150,608	0	(33,245)	80,999	198,363
General Funds	411,848	985,401	(1,003,194)	37,507	431,561
Total Unrestricted Funds	562,456	985,401	(1,036,439)	118,506	629,924
Restricted Funds					
Writer Development	113,593	220,437	(226,613)	0	107,417
Schools Programme	53,376	120,526	(121,360)	0	52,542
Reader Development	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	1,907,662	3,734,870	(3,564,914)	(118,506)	1,959,112
TOTAL FUNDS	2,470,118	4,720,271	(4,601,353)	0	2,589,036

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

19. Analysis of charitable funds (contd)

- 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 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. However, since we have had our funding from Creative Scotland confirmed in principle for the coming three years, this amount was not needed in 2017-18 and not anticipated to be required in 2018-19 and has therefore been written back to undesignated reserves.

The Fundraising Risk Fund was not used during 2016-17 as targets were met or expenditure was postponed. The Trustees 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. This new fund has been used during 2017-18 and the remaining year-end balance will be used to complete the projects in 2018-19.

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).

- 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 2018-19 comes from Creative Scotland and other funders 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.

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

20. Net assets over funds

Year to 31st March 2018

	Unrestricted Funds £	Restricted Funds £	Total 2018 £
Fixed assets	20,874	0	20,874
Intangible fixed assets	21,970	0	21,970
Stocks	0	673,084	673,084
Debtors	475,525	0	475,525
Investments	100,000	0	100,000
Cash at bank & in hand	357,362	1,368,977	1,726,339
Creditors due in less than 1 year	(415,598)	0	(415,598)
	<u>560,133</u>	<u>2,042,061</u>	<u>2,602,194</u>

Year to 31st March 2017

	Unrestricted Funds £	Restricted Funds £	Total 2017 £
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>

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

	2018 £	2017 £
Net income for the year (as per the Statement of Financial Activities)	13,158	118,918
Adjustments for:		
Depreciation charges	17,488	33,245
Interest received	(3,036)	(6,597)
(Increase)/decrease in stocks	(73,139)	88,820
Decrease/(increase) in debtors	12,434	(363,359)
Increase/(decrease) in creditors	102,115	91,686
Net cash provided by/(used in) operating activities	<u>69,020</u>	<u>(37,287)</u>

22. Analysis of cash and cash equivalents

	2018 £	2017 £
Total cash and cash equivalents	<u>1,726,339</u>	<u>1,776,253</u>

SCOTTISH BOOK TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

23. Commitments under operating leases

At 31 March 2018 the charity had future lease commitments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Less than one year	50,000	50,000
Between two and five years	200,000	12,500
Over 5 years	<u>12,500</u>	<u>0</u>

24. Contractual Commitments

As at 31 March 2018, the charity had contractual commitments in respect of website and CRM software development of £44,042 (2017: £nil).